

FINANCIAL TIMES

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KURDISH PLIGHT

Refugees struggle against their fate

Page 18

Table with exchange rates for various currencies including Saudi, Bahrain, Kuwait, etc.

World News

Iraq's leader warns that Gulf War may restart

President Saddam Hussein of Iraq said that the eight-year war with Iran would break out if the Iraqis searched any Iraqi ships in the Gulf.

Iran's Ayatollah Ruhollah Khomeini said that his resignation had been rejected, and Ayatollah Khomeini said that he should stop quibbling and get on with his job.

UK post strike

Leaders of Britain's Post Office union said that 90,000 of the country's 140,000 postal workers had joined strikes.

Rocard tax boost

Growth of the French economy has provided a boost to tax receipts and left the socialist Government of Mr Michel Rocard with more room than expected to raise spending.

Chile opposition

Chilean television began giving air time to opponents of Gen Augusto Pinochet's regime for the first time in 15 years of military government.

Peru strike call

Peru's National Federation of Miners, Metallurgical and Steel Workers in Peru announced a 72-hour strike next Monday.

India journals strike

Newspapers closed across India in display of unity by India's press against proposed legislation that would restrict investigative reporting.

Burma military shift

Heroes of Burma's independence struggle, linked to Gen Ne Win, the former president, by a blood oath, publicly abandoned him to side with an uprising against the system he created.

Israel poll campaign

The campaign for this November's general election in Israel began with the right wing bloc holding a narrow lead in opinion polls.

Opposition praised

Hungary's leadership has welcomed the formation of a formal opposition movement by a group of prominent Hungarian dissidents.

Soviet 'bribe'

Mr Nikolai Shekolov, a former Soviet Interior Minister and friend of the late leader Leonid Brezhnev, was posthumously accused in court of taking jewels, delicacies and cash in bribes.

Solidarity warned

Poland's Communist authorities warned the outlawed Solidarity trade union that the Government would break off talks with the opposition if the labour movement fomented new industrial unrest.

Business Summary

Japan widens foreign access to bond issue

JAPAN'S Ministry of Finance bowed to government pressure from the US and Europe and announced plans to give foreign banks and securities firms enlarged access to the underwriting and distribution of the key 10-year Japanese government bond issue.

STERLING improved yesterday in currency markets, feeding concern that UK interest rates may be increased. It was underpinned by the dollar's

Starling

Table showing Sterling exchange rates against the Dollar and D-Mark.

weaker tone after the long US weekend and also improved against the D-Mark. Foreign exchanges, Page 31.

CBA, diversified Australian resources group 49 per cent owned by BHP of the UK, reported half-year profits which equalled 1987's record full-year result. Reflecting the recent meltdown in world metal prices, Page 21.

SEDGWICK Group, world's second biggest insurance brokers, saw its half-yearly pre-tax profits drop 26 per cent to \$51.9m amid worst trading conditions in the broking community's recent history, Page 21.

DOW CHEMICAL, big US producer of bulk chemicals, will this week launch a \$386.1m offer for Kesset Chemical as part of a friendly agreement with the New Jersey specialty-chemicals company, Page 23.

SWISSAIR is to withdraw its offer to buy a stake in Aerolineas Argentinas, the Argentine national airline, Page 23.

SOCIETE Generale de Belgique's reorganised management is to produce by the end of the year a far-reaching strategic plan for the sprawling conglomerate, Page 23.

PROCTER & GAMBLE, the leading household and personal care products group, is forming a joint venture with Indusiar Maunul, a personal care products company based in Caracas, Page 23.

ITALY'S Banca Commerciale Italiana, still smarting from its inability to acquire Irving Trust of New York after intervention by the US Federal Reserve Board, rejected criticism by the Italian foreign ministry, Page 23.

NEW SHARE index of 25 leading Italian blue chips was launched in Milan by Studio Alenti, the securities house, chaired by Mr Umberto Alenti, former president of the Milan Stock Exchange, Page 23.

ZANUSSE, the Italian arm of Sweden's Electrolux while good growth which is about to lose its chief executive to Alitalia, the Italian airline, combined news of strong results with the announcement of a major decentralisation of management, Page 24.

FEDERAL EXPRESS of the US, one of the world's largest package delivery companies, is negotiating to buy Unilever's transport operations in West Germany and the Netherlands, Page 24.

CHARGEURS, the diversified French industrial group, is selling Spontex, the world's leading maker of synthetic sponges, to 3M of the US for FF1.1bn (\$160m), Page 24.

Zhao may be stripped of control over the economy

By Peter Ellingsen in Peking and Colina MacDougall in London

ZHAO ZIYANG, the Chinese Communist Party General Secretary and a leading proponent of free-market reforms, appears to have been forced to relinquish control of economic policy. The move suggests that controversy over China's economic reform programme may have reached a decisive point and that further economic liberalisation may be delayed.

Nor was he given the job of briefing President Gustav Husak of Czechoslovakia on China's reform policies during his recent visit to China. Mr Husak instead met Premier Li, who favours caution and stability. In his talks with Mr Husak, Li was reported to have denied that recent Chinese economic reforms had been curtailed.



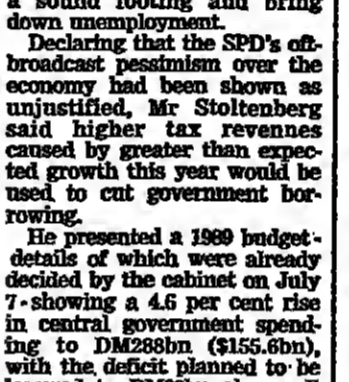
Zhao Ziyang: push to introduce free market measures

Stoltenberg predicts greater momentum as growth forecast raised

By David Marsh in Bonn

THE WEST GERMAN economy, expected to grow by more than the expected 3 per cent this year, is heading with increased momentum towards a seventh successive year of upturn in 1988. Mr Gerhard Stoltenberg, the Finance Minister, told parliament yesterday. Official figures published yesterday meanwhile showed that West Germany's gross national product (GNP) rose a real 2.9 per cent in the first half of 1988 over the depressed first six months of 1987.

West Germany



man growth, was also plainly buoyed by Monday's sudden resignation of the opposition's finance party, the Greens. Hans Apel, who served as Finance Minister in a Social Democratic Party (SPD) Government. Mr Apel, a distinctive parliamentary performer whose oratory has often discomfited Mr Stoltenberg, was due to have opened the debate for the opposition yesterday, but retired to the back benches after he was voted off the party's governing board last week.

New bribery allegations emerge in Japan

By Stefan Wagstyl in Tokyo

FRESH allegations of bribery have emerged in a Japanese stock market scandal involving aides to top politicians. The new charges could further complicate attempts by Mr Noboru Takeshita, the Prime Minister, to implement a comprehensive tax reform, which has been stalled in the Diet (Parliament) for over a month.

US-Japan chip agreement may be abolished

By Louise Kehoe in San Francisco

THE CONTROVERSIAL 1986 US-Japanese semiconductor trade agreement may be prematurely scrapped, or drastically reshaped, as a result of pressure from US electronics and computer manufacturers. The agreement, the subject of continuing tension between the US, Japan and the European Community since it was signed, has recently caused a major rift between US chip purchasers and producers who have previously been united in their support of the agreement.

IMF lifts estimates for growth in industrialised countries

THE RECENT strength of the world economy has prompted the International Monetary Fund to revise upwards its estimate of economic growth in the industrialised countries this year by a full percentage point, writes AP-Dew Jones from Paris.

The forecast comes in a draft of the fund's latest semi-annual World Economic Outlook, a copy of which was obtained in advance of its release. The estimate for growth is now 3.5 per cent for 1988, compared with the 2.5 per cent increase projected in its April report. The rapid pace of the current expansion is expected to moderate in 1989 to 2.5 per cent, slightly up from the April estimate of 2.5 per cent. Boosted by unexpectedly robust output and demand growth, the US economy is expected to set the pattern for the other industrialised countries with a rise of 3.9 per cent in 1988 - the strongest rise since 1984 - following last year's 3.4 per cent growth. This is expected to fall to 2.7 per cent in 1989.

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MARKETS table with columns for Sterling, New York, and Stock indices.

CONTENTS table listing various news items and their page numbers.

EUROPEAN NEWS

Greece moves to speed progress on EC merger rules

By William Dawkins in Brussels

COMPETITION experts at the European Commission have redrafted controversial plans for an EC-wide merger control regulation in an attempt to unblock a 15-year deadlock over the scheme.

The Greek Government, currently EC president, yesterday called a meeting of member states' officials for a first discussion of the changes. These would make the proposed rules apply to fewer companies than in earlier versions and produce faster decisions from Brussels on individual mergers.

Rising tax receipts give France more to spend

By George Graham in Paris

THE STRONG growth of the French economy has provided a substantial boost to tax receipts and left the new Socialist Government of Mr Michel Rocard with more room than expected to increase spending.

added tax receipts and to an increase in corporation tax payments, could leave France with a central government deficit of only FF100bn this year, compared with the FF115bn forecast in the budget.

Dutch Defence Minister quits over passport affair

By Laura Raun in Amsterdam

THE Anglo-Saxons have sex scandals, and in hotter countries, public servants are regularly accused of spectacular misappropriation of taxpayers' money.

Mr Jakob de Hoop Scheffer, ambassador to Nato and a career diplomat, Mr van Eekelen, 57, had served as Defence Minister for two years. A member of the Liberal party which shares power with the Christian Democrats, he has long been viewed as a rather prosaic public servant, and critics have wanted his head for some time.

Paris plans for Channel tunnel passengers

By Paul Betts in Paris

THE FRENCH state railways system SNCF is planning to spend FF1.7bn (£160m) to modernise and adapt the Gare du Nord in Paris for the high-speed trains which will link the French capital to London through the Channel tunnel.

The SNCF said yesterday that renovation of the famous station, which for more than a century has been the Paris gateway to Britain and the rest of northern Europe, was expected to start next year. The work should be completed by 1983 when the tunnel opens.

Friend of Brezhnev 'corrupt'

By Olli Viranen in Helsinki

FORMER Soviet Interior Minister Nikolai Shchokolov, a close friend of the late premier Leonid Brezhnev, was posthumously accused in court yesterday of taking jewels, clothing, delicacies and huge sums of money in bribes, Reuters reports from Moscow.

Bank offers Finnish unions base rate cut

By Olli Viranen in Helsinki

THE BANK of Finland has said it will lower the base rate by 0.5 percentage points to 7.5 per cent from January 1 on condition that the unions abide by a "stabilisation agreement" on wages which was signed two weeks ago.

SURPRISE WELCOME FOR FORMATION OF DEMOCRATIC FORUM

Official praise for Hungarian opposition

By Leslie Collitt in Berlin

A GROUP of prominent Hungarian dissidents has transformed a loose opposition group, committed to reform of the Communist system, into a formal movement with statutes and a charter. To the surprise of its members, the move has been welcomed by the Budapest leadership.

At first the authorities largely tried to ignore the dissidents, although they were addressed by reform-minded establishment politicians, Mr Imre Pozsgay. But last April the Communist party leadership expelled four prominent members who participated in the Democratic Forum's activities.

The HDFF's organisers reacted by saying the move showed that a consensus between the party and society was "impossible". But Hungary's new government spokesman, Mr György Marosán, approved the setting-up of the Democratic Forum as a formal movement and called it a "welcome development", in an

organisation did not intend under present conditions to become a political party, its new statutes defined it as a "political-intellectual movement" and an independent social organisation.

Swedes pay price of animal rights

Sara Webb, in Stockholm, on the impact of farm legislation

Swedish politicians know better than to annoy Mrs Astrid Lindgren, the children's author who penned the story of Pippi Longstocking and who once painted an unflattering picture of Sweden's Social Democrats by poking fun at the bureaucrats and abstract socialists in a widely read short story.

So when Mrs Lindgren, a farmer's daughter, started to kick up a fuss about the conditions under which farm animals are kept, the Government paid attention.

Mr Ingemar Carlsson, the Prime Minister, announced on Mrs Lindgren's birthday that a law would be passed ensuring that farm and fur animals were treated as humanely as possible.

The most important change in the law concerns battery hens. At present almost all hens are kept in battery cages, but over the next two years the Government has said these must be replaced with a more humane system.

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Rivalries split Spain's conservatives

By Tom Burns in Madrid

PREPARING FOR THEIR party congress yesterday, Spain's Alianza Popular conservatives looked the picture of disunity as key party stalwarts pointedly ignored leader Mr Antonio Hernandez Mancha's summons to bury personal rivalries and to present a united front to the governing Socialists.

Greek baby food protest

By Olli Viranen in Helsinki

GREEK manufacturers of baby foods are protesting to the European Commission following a government decision to ban the sale of infant milk by supermarkets in favour of exclusive distribution by pharmacies, writes Andriana Terodis from Athens.

Burnt-out heart of Lisbon teaches brutal lesson of neglect

Diana Smith reports on the painful aftermath of the fire that destroyed the historic centre of Portugal's capital

TO the Portuguese, *Chiado* conjured up the same luxurious image as old Bond Street did to the British.

With them went family businesses, the homes of 300 people and the livelihood of 2,000. A fire whose initial cause is still not clear spread from the third floor of Grandella, a large department store, to its neighbours. It raged over six streets, destroying 17 buildings and 50 businesses before 1,000 exhausted firemen could halt it.

European Diary



Portugal

inflammable materials (including illegal fuel stores) were firetraps (but not the only ones) in the country. The Federation of Shop Employees' Unions now reports that, of tens of thousands of shops and stores, a mere 100 have asked for fire department inspection of tighter fire safety now demanded by law, and precisely 25 have applied for fire safety certificates.

an outpouring of solidarity, cash and pledges of aid from institutions and individuals. From the Council of Europe, Unesco, the EC Commission in Brussels and the European Investment Bank in Luxembourg have come funds or offers of funds totalling over \$5m so far. The Anibal Cavaco Silva government has opened emergency credit lines to help businesses get restarted, and has assisted with temporary premises and rebuilding until *Chiado* shops are rebuilt and permanent lodgings found for the homeless.

recreated with safer buildings and careful control of architectural quality. Architects are pushing for a coherent master *Chiado* plan.

The fire has at least made the public and officials take stock of a city that, in the last decade, has become rather like an unkempt, unbalanced old woman suffering from sores and had circulation - a deafeningly noisy place choked by anarchic traffic and parking, houses collapsing from neglect every week or so, dirty streets and pollution-infused air, pavements and roads pitted with holes, a once-scrubbed capital city that had begun to look as if no one loved it any more.

Hesse state 'in talks to buy US airbase'

By Haig Simonian in Frankfurt

THE QUESTION of West Germany's overcrowded air space took concrete form this week after reports of talks between the Hesse state government and the US military over a possible purchase of the US Rhine Main airbase adjacent to Frankfurt airport.

The Hesse government, which owns the airport, has denied reports that it has been negotiating to buy the US facility for DM225m (£74m). The sale would be "without any basis", according to Mr Walter Wallmann, the state's prime minister.

Byelorussians turn out for Polish Primate

By Christopher Bobinski in Warsaw

THOUSANDS of people in the western Soviet city of Grodno are reported to have greeted Cardinal Joseph Glemp, head of the Polish Catholic church, on Monday at the start of an unprecedented three-day pastoral visit to the Soviet republic of Byelorussia.

Greek baby food protest

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OVERSEAS NEWS

Ne Win's 'blood comrades' turn against him

LEGENDARY military heroes of Burma's independence struggle, linked to General Ne Win, the former president, by a 47-year-old blood oath, yesterday publicly abandoned him to side with an uprising against the system he created, Reuters writes from Rangoon.

Burma Socialist Programme Party, which took power in Burma after a 1962 coup. But opposition leaders and Western diplomats said yesterday the army was clearly wavering.

Likud in narrow lead as election campaign starts

THE CAMPAIGN for this November's general election in Israel - one of the most crucial in the country's history - began in earnest this week, with the right-wing bloc headed by Prime Minister Yitzhak Shamir's Likud Party holding a narrow lead in opinion polls.

Strip and part of the West Bank - but not from annexed East Jerusalem. Labour, however, has a lot of ground to make up in terms of convincing public opinion of the credibility and viability of its foreign policy on the Arab/Israeli dispute.

Baghdad amnesty offer to Iraqi Kurds

BAGHDAD, whose troops have conducted a six-week drive against Kurdish rebels, offered a full amnesty yesterday to all Iraqi Kurds inside and outside the country, Reuters reports from Baghdad.

Indian newspapers strike against tough press law

NEWSPAPERS were closed across India yesterday in what was seen as an exceptional display of unity by India's press against proposed legislation that would restrict investigative reporting.

Tamil refugees find an ambivalent West

Mervyn Da Silva, in Colombo, on varying attitudes to claims of persecution

THE 60,000-strong Indian peace-keeping force in north Sri Lanka adequately protects the island's minority Tamil population. So held a court in Koblenz, West Germany, which turned down an application for asylum by two Sri Lankan Tamil refugees who had argued that they would be victims of persecution and racial discrimination if they were forced to return home.

A member of the visiting Swiss team said that, besides speaking to government officials, military personnel (both Indian and Sri Lankan) and Tamil citizens committees, they had also consulted the UNHCR (United Nations High Commission for Refugees) mission in Colombo. It was impressed on them that resettlement and rehabilitation of

stressed the need for sufficient infrastructural support, and identified priorities. A move by the West German authorities to send back 5,000 refugees has also been stalled but for different reasons. West Germany has about 27,000 Tamil refugees spread throughout the country. It is the largest Tamil refugee group in Europe. The federal authorities

captain dumped 210 asylum-seekers into the sea off the Newfoundland coast. Despite angry Canadian protests to Bonn over the action of a German firm that had charged each asylum-seeker about \$1,000, the Canadian authorities did not deport them. Under pressure from church, human rights groups and the

media, the Government granted them sanctuary. The campaign was in fact led by expatriate Tamils who had moved to Canada in the 1950s and 1960s - part of the "third world brain drain." These Tamil professionals, as I discovered on a visit to Toronto, Montreal and Ottawa, had established themselves so well in their respective communities that they had influential contacts in opinion-making circles.

Tamil exodus after the riots of July 1983 changed Sri Lankan history and created problems for European countries. West Germany was the most affected.

refugees would be much easier when the World Bank-sponsored programme for reconstruction of the war-ravaged north and east got under way. In December, a special meeting of Sri Lanka's donors, who usually meet each April in Paris, was convened by the World Bank. The donors pledged \$472m, \$100m more than Sri Lanka had expected. Sri Lanka was able to convince the donors that the administrative back-up facilities for such a programme was ready. Two investigative teams sent by the World Bank and the Asian Development Bank (ADB)

had persuaded several thousand (reportedly between 4,500 and 5,000) to accept a free air ticket and a modest \$200 each and return home. The plan ran into legal problems arising from West Germany's constitution which places the subject within the jurisdiction of each state. Every state has the right to have its say. "The possibility of a decision this year is quite slim," said the embassy. The Tamil refugee problem became an international sensation with the Tamils earning the title of "the new boat people" when a Hamburg ship's

media, the Government granted them sanctuary. The campaign was in fact led by expatriate Tamils who had moved to Canada in the 1950s and 1960s - part of the "third world brain drain." These Tamil professionals, as I discovered on a visit to Toronto, Montreal and Ottawa, had established themselves so well in their respective communities that they had influential contacts in opinion-making circles. The Tamil exodus after the riots of July 1983 changed Sri Lankan history and created many problems for European

Food scarce in Bangladesh capital

THOUSANDS of people in Dhaka scrambled for meagre supplies of fresh food and water yesterday as a rapidly spreading diarrhoea epidemic pushed the official death toll in the Bangladesh monsoon floods to 650, Reuters writes from Dhaka. Officials said about 102,000 people were now ill after drinking contaminated water or eating rotten food, 30,000 of them in the capital and its suburbs.



35,349 vehicles were actually sold in August

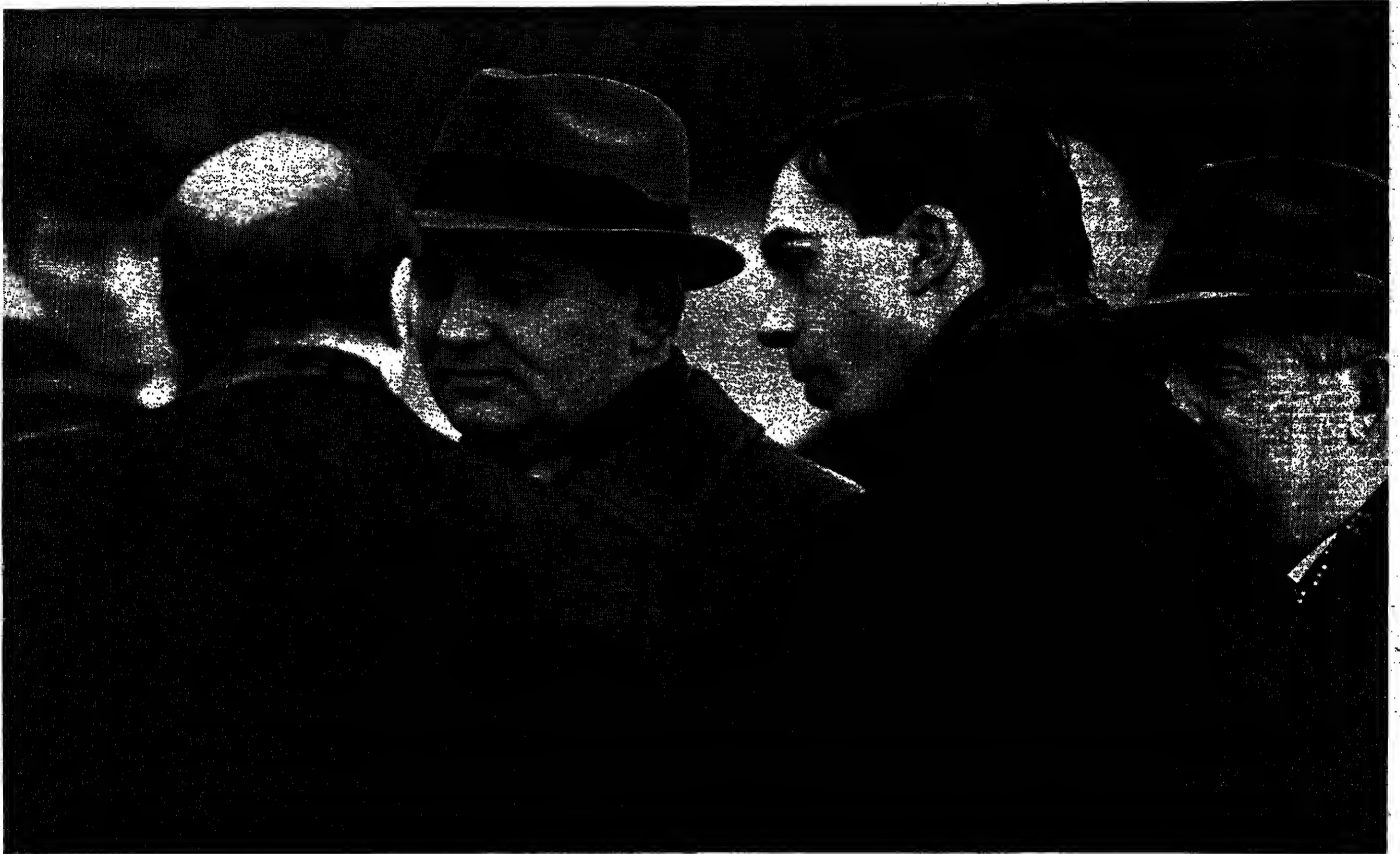


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AMERICAN NEWS

Congress agenda may shape White House campaign

By Stewart Fleming in Washington

CONGRESS recovers today to grapple with a legislative agenda which both parties will seek to turn to their advantage in the run-up to the US general elections in November.

Political analysts in Washington doubt whether the debates on Capitol Hill will have a decisive influence on the presidential election however.

Mr James Reichly of the Brookings Institution maintains for example, that although there appears to be somewhat greater co-ordination between Democrats on Capitol Hill this year and the presidential election campaign...



Senator Edward Kennedy backing minimum wage proposals

proposals to increase the minimum legal wage from \$3.35 an hour to \$5.05 over the next four years...

Legislation was approved earlier this year by the Senate Labour and Human Resources committee, headed by Senator Edward Kennedy of Massachusetts...

Vice-President George Bush's campaign staff hope that the debate about the defence budget will work to their advantage.

Mr Bush is attacking Mr Dukakis for "lack of experience" in foreign affairs and defence issues.

US demand pressures slackening

By Anthony Harris in Washington

MEMBER-banks of the Federal Reserve confirm that demand pressures in the US economy are tending to slacken, especially in retailing and the housebuilding industry...

Reports from the member-banks, assembled in what is officially called the Beige Book, but generally known in the markets as the Tan Book...

The forecasts of the Fed's own economists, contained in the Beige Book, are not published. The reports show wide differences between the regions not only in economic conditions but in the impact of the drought...

Most significantly for inflation, the Kansas City Federal Reserve reports that the slaughter of cattle due to feed shortages has been less than expected...

Consumer spending is reported as "stagnant"

Alfonsin moves to reassert his authority

By Gary Mead in Buenos Aires

PRESIDENT Raul Alfonsin of Argentina has issued a strongly-worded statement reasserting his position as head of the armed forces, after attempts by two officers to challenge their suspension from duty by using civilian court hearings...

Last week, after two separate court hearings, civil judges ordered Gen Cardil to give his reasons for suspending from duty Lt Col Hector di Pasquale, and told him to permit Major Osvaldo Verceletti to continue his studies at Argentina's War College...

Peru waits for austerity to bite

Veronica Baruffati reports on the urgency of Peru's economic needs

IT is usually in the middle of Lima's long, grey winter that sun-loving Peruvians begin to run out of patience...

But this year, with inflation already at 181 per cent, gross domestic product growth down 3 per cent in June compared with last year, and net international reserves a negative \$260m...

Prime Minister Armando Villanueva has described the new measures as a "severe austerity plan" which would begin by making drastic reductions in the republic's general budget...

Most significantly for inflation, the Kansas City Federal Reserve reports that the slaughter of cattle due to feed shortages has been less than expected...

Consumer spending is reported as "stagnant"

MR Abel Salinas, the Peruvian Minister of Economy and Finance, is expected to announce the Government's new economic plan this evening.

The gradualist economic policy favoured by Mr Cesar Robles, the former Finance Minister, is to be superseded by shock treatment and Plan Zero, in what President Alan Garcia describes as his war against inflation - "cost what it may".

In an attempt to achieve zero inflation and stability in a country where inflation this year is already running at 243 per cent and the foreign debt is \$16.5bn, the initial assault is expected to include unifying exchange rates, adjusting controlled prices, and renewing contacts with the international financial community.

There is a feeling of tense calm as the country waits for the new measures which are expected to bring a wave of strikes in their wake.

extension of the tax system and the introduction of penalties for tax evasion, which is more the norm than the exception in Peru.

Last Thursday in a Cabinet reshuffle, Mr Cesar Robles Freyre, Minister of Economy and Finance, resigned after refusing to announce the Government's new economic measures, expected to provide a shock to the economy.

Mr Ricardo Vega Llona, a leading industrialist, describes the present economic situation in Peru as "ungovernable": inflation is rampant, there are no supplies, the dollar's oscillations are often unrelated to inflation.

One of the main obstacles to working effectively in Peru is the labyrinthine red tape which strangles even the most basic transaction. An example of the excruciatingly slow pace of negotiations in Peru is the \$1.3bn project which Petroperu, the state oil company, and Shell have been trying to sign for months in order to develop a gas project in Camisea, near Cuzco.

Mr Salinas, the former Minister of Energy and Mines, and Mr Jaysuno Abramovich, the president of Petroperu, defended the development project at a press conference last month amid political infighting in order to allow more time for discussion.

There is increasing feeling that President Alan Garcia is unwilling to take drastic unpopular measures, regardless of the long-term effects for the country's economy, in order to leave office in 1990 as untarnished as possible.

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Miners plan three-day strike

By Veronica Baruffati in Lima

THE National Federation of Miners, Metallurgical and Steel Workers in Peru have announced a 72-hour strike due to start next Monday.

The decision was made last week in Lima at the federation's tenth national plenary session which was attended by 256 delegates from 103 mining unions. The strike has three main objectives:

To demand that the Government fulfil its obligation to set up a top-level committee to discuss the miners' demands resulting from their 30-day general strike which ended on August 16 and which cost the country \$140m.

To demand reinstatement of the Tintaya silver and copper miners dismissed after the last strike.

To demand a solution to the miners' strike in Raura, now into its 50th day.

Mr Jose Carlos Carresco Távora, the new Minister of Energy and Mines, said: "We would like to discuss [the strike] with the miners because we cannot afford to paralyse the mining industry which generates foreign currency for this country."

The federation said the strike would go ahead if no solution had been reached by Sunday.

Television time given to Pinochet's opponents

By Mary Helen Spence in Santiago

FOR THE first time in 15 years of military government, Chilean television last began giving air time to opponents of Gen Augusto Pinochet's regime.

A multi-partisan coalition calling for a "no" vote against Gen Pinochet in the October 5 presidential plebiscite was given 15 minutes to present its case on late night television...

Both segments relied heavily on images of sick children and working people coming together in a common cause.

an television presenter who five years ago was forced from his job for political reasons also included film footage of the country's military commanders arriving at the Defence Ministry last week for the meeting in which Gen Pinochet was nominated.

The pro-Government programme included scenes from the socialist government of President Salvador Allende and contrasted the disorderly black and white pictures with images of economic progress.

Santiago's military governor-general Sergio Badilla said the authorities were considering prohibiting future political rallies within the capital.

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UK NEWS

Kinnock call to unions on training scheme

By Philip Bassett, Labour Editor

THE TRADES Union Congress looks likely today to refuse to co-operate with the Government's £1.5bn Employment Training programme...

Mr Kinnock spelt out his reservations about the scheme, insisting that Mrs Margaret Thatcher, the Prime Minister, had made it clear last week that the scheme was only non-compulsory for the time being...

While none of the deficiencies and weaknesses of let-downs of Employment Training would be the fault of the trade union movement, Mr Kinnock continued, "You will get the blame. You will be the whipping boy. You will be the excuse for everything wrong."

His support for remaining with ET angered those unions which oppose it, especially the TGWU transport workers, whose general secretary, Mr Ron Todd, and his delegation steadfastly refused to applaud Mr Kinnock in this section of his speech...



Neil Kinnock at the TUC

independent from the unions, and to have distanced himself from any charges which may be levelled against them if they vote not to co-operate with the scheme.

Barclays launches first test of smart card

By Alan Cane

BARCLAYS BANK is conducting its first public trial of a "smart card", a bank card containing a microcomputer.

The trial will take place over the next 15 months at the Dallington Country Club, a sports and fitness complex near Northampton.

It will involve smart cards manufactured by Honeywell Bull, the computer company owned by Honeywell of the US, Bull of France and NEC of Japan.

Smart cards have been tried extensively in France, where the technology was invented, and in Japan and the US.

The 2,000 members of the Dallington Country Club will be able to use the cards like a key to enter the club after reception hours, to pay for goods and services, book squash courts and record their medical history.

Bank interest in smart card technology arises because it offers greater security than the magnetic stripe widely used on cheque guarantee cards, and to gain access to automatic cash dispensers and electronic funds transfer.

The chief disadvantage of the smart card is its cost - several pounds compared with a few pence for a magnetic stripe card.

Mr Ken Bignall, deputy chief executive of Barclays, said yesterday he believed the Dallington trial would be the most advanced experiment yet in smart card technology.

Mr Trevor Chinn, chairman and chief executive of Lex Service, the leading UK car retailer, said there was a strong underlying growth in demand for cars because of the relatively lower density of car ownership in the UK compared to the rest of West Europe, and because of the increasing number of households in the UK.

Cruise missile removal begins under INF deal

By David White, Defence Correspondent

THE WIDELY contested deployment of US cruise missiles in Europe begins to be thrown into reverse tomorrow when a first batch is due to be flown out of Britain for destruction in the US.

The 96 cruise missiles at Greenham Common, near Newbury in Berkshire, which have been the focus of the UK anti-nuclear campaign, are expected to remain until the latter part of the three-year withdrawal period provided for by the INF treaty.

Neither US nor British officials would say how many missiles were being taken out in this first, highly symbolic operation.

The BGM-109G Tomahawk missiles, made by General Dynamics of the US, are carried by mobile launchers, with four missiles to a launcher and four launchers to each flight.

Mr George Younger, the Defence Secretary, and Mr Charles Price, the US ambassador in London, are due to be present as the first missiles leave for the nearby US Air Force base at Alconbury. US officials say they will be flown immediately to the US for breaking.

Last week, nine Pershing II ballistic missiles, also barred under the treaty, were moved from a base at Heathrow in West Germany ready for transport to the US.

The cruise missiles are part of the single operational "flight" of 16 missiles installed at RAF Molesworth, initially, a further three flights had been scheduled for deployment there.

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United in talks with satellite Super Channel

By Raymond Snoddy

UNITED CABLE of the US, one of the largest American cable television operators, has emerged as favourite to buy Super Channel, the British-based European satellite cable channel.

The Super Channel board decided yesterday to enter into detailed discussions with United, which has recovered from its slump in the European cable market and the UK in particular.

It is believed that the board, controlled by Mr Richard Branson's Virgin Group and four independent television companies, wants a financial package which includes a commitment to keep the channel going until it breaks even and compensates existing shareholders.

The current Virgin business plan envisages that a further £15m will be needed to take the general entertainment channel, believed to be losing more than £3m a month, to break even.

The options being considered include one which would allow Virgin and some of the main ITV shareholders - Granada, Yorkshire, Anglia and Television South - to remain as minority shareholders and others to leave.

New cable franchises, Page 4

August car sales soar to record high

By Kevin Done, Motor Industry Correspondent

UK NEW CAR sales jumped to an unprecedented level in August setting a record for a single month and arousing speculation about a further sharp deterioration in the UK balance of payments, as car imports surged.

New car registrations totalled 477,305 units last month, an increase of 17.18 per cent from August last year, the previous record month, underlining the continuing boom in UK consumer spending.

Imported cars captured 61.02 per cent of the record August car market compared with 54.98 per cent in the same month last year. It was one of the worst months on record for the UK car trade balance.

although imports did capture a slightly higher share in August 1980 and 1981 at more than 63 per cent.

August is traditionally the strongest month for car sales in the UK with demand stimulated by the change of registration prefix to a new letter. The month accounts for more than a fifth of the year's total sales.

The Society of Motor Manufacturers and Traders, the motor industry trade association, sought yesterday to allay some of the concern about last month's very high import levels and claimed that imports would "probably ease to nearer 55 per cent over the full year."

This would still mark a major deterioration from the 50.73 per cent share captured by imports last year and would signal a return to the high car import levels of the first half of the 1980s.

Car import levels are generally highest in August because of the concentration of purchases by private motorists, who favour imported cars, while the majority of fleet buyers still tend to buy British-built cars.

The UK new car market is now one of the strongest in West Europe. Sales in the first eight months have increased by 12.1 per cent to 1,635,688 units from 1,459,719 a year ago. Sales for the full year are expected to reach at least 2.2m units, reaching a record level for the fourth successive year.

Several car makers including Ford, the UK market leader, are, at least temporarily, withdrawing cheap finance schemes that have served to stimulate sales so far this year, but the industry does not believe this will retard the boom.

Mr Trevor Chinn, chairman and chief executive of Lex Service, the leading UK car retailer, said there was a strong underlying growth in demand for cars because of the relatively lower density of car ownership in the UK compared to the rest of West Europe, and because of the increasing number of households in the UK.

Schools to control their own budgets

By David Thomas, Education Correspondent

RESPONSIBILITY for spending decisions dealing with billions of pounds a year is to be removed from local education authorities and handed over to schools in England and Wales under plans announced by the Government yesterday.

The plans, representing the most extensive change for decades in the way schools are run, were set out in a lengthy memorandum to education

authorities and schools. They arise from the recently enacted Education Reform Act.

In future, local authorities will have to distribute funds to schools by a set formula. At least three quarters of this money will be determined by the number of pupils in each school, thereby giving schools an incentive to make themselves popular with parents and increase their pupils.

All secondary schools and primary schools with more than 200 pupils will take over responsibility for managing their annual budgets.

The distributed funds will cover the great bulk of school costs including staffing, day-to-day running, books and equipment.

This greatly extends the control over budgets held by school governors and head teachers.

Mr Kenneth Baker, Education Secretary, said yesterday that the reforms would allow schools to meet more effectively their users' needs. However, the National Union of Teachers expressed concern that schools would be forced to trade spending on teachers' salaries against purchases of books and equipment.

Advertisement for Northern Regional Health Authority, Director of Finance position. Salary circa £35,000 (under review) plus up to 20% performance related pay agreed over a 5 year period.

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Advertisement for Company Notices: NOTICE TO SHAREHOLDERS FAR EAST GROWTH FUND. The Extraordinary General Meeting of shareholders held on 26th April 1988 resolved to change the day of the annual general meeting of shareholders to the first Tuesday in March of each year at 11 o'clock.

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Advertisement for City of London Property. The Financial Times proposes to publish a Survey on the above on Friday 23rd September 1988. For a full editorial synopsis and advertisement details, please contact: JONATHAN WALLIS

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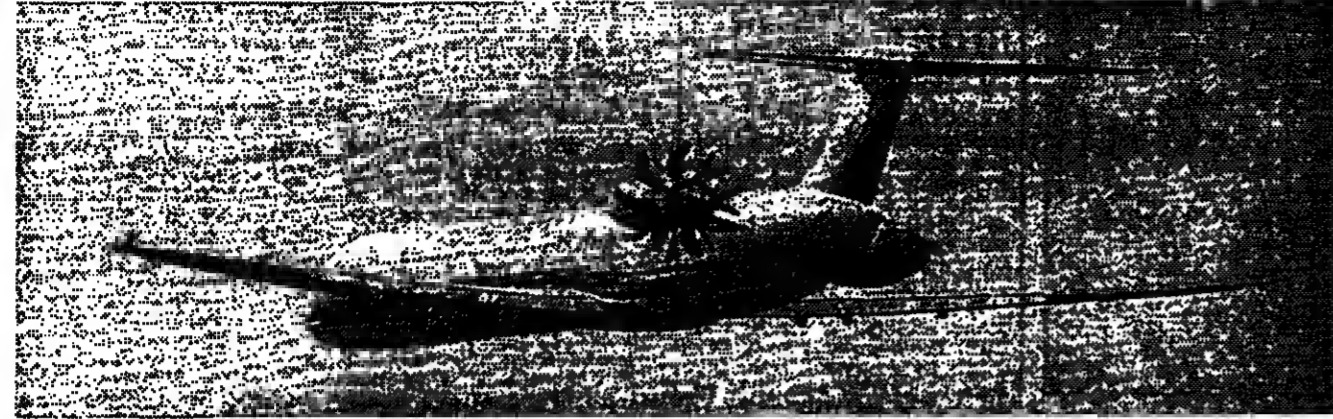
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Advertisement for Announcements: Jacques P. Henderiks. Has joined Pitercam Securities S.A., Brussels, as Executive Director in charge of Financial Engineering. He was formerly head of Capital Markets Group with Citibank Belgium where he started nearly 18 years ago.

UK NEWS

FARNBOROUGH INTERNATIONAL AIR SHOW

US launches propfan sales drive



By Michael Donne, Aerospace Correspondent

McDONNELL DOUGLAS and General Electric of the US are holding marketing discussions with airlines in the US and western Europe with the aim of winning launch orders for their new family of fuel efficient propfan airliners.

Both the MD-91 and MD-92 will use two propfan engines mounted at the rear of the fuselage.

A propfan "demonstrator" aircraft, using one propfan engine on the left side of the fuselage and a conventional jet engine on the other side, is being flown daily at the show, and is already attracting great interest from airline executives.

These are the 114-passenger MD-91 and the 165-passenger MD-92, both twin-engine short to medium-range aircraft. They are designed to replace existing ageing and noisy conventional jet airliners such as the Boeing 727 and early models of the 737 and the Douglas DC-8, which account for about 65 per cent of the world's jet airliner fleets.

McDonnell Douglas and General Electric foresee a potential market of about 2,500 propfan aircraft by the end of the century. The propfan engine now under development by General Electric uses an advanced turbine "gas generator" to drive two sets of counter-rotating blades with a diameter of 11 ft shaped rather like a ship's screw.

The result is a quieter engine than conventional jets, and one which cuts fuel consumption by as much as 40 per cent, while propelling the aircraft at speeds close to those of jet airliners.

Mr Kim Skill, vice-president and general manager of the propfan programmes at McDonnell Douglas, said at Farnborough yesterday: "We are finding very high interest among many airlines in these two aircraft, because of the advantages they offer in both fuel savings and community noise levels."

"We are uniquely able to offer two different models to satisfy different airline requirements, and I am confident we will sign up the orders we need to launch the full scale development and production effort."

Early test expected for complete Eurofighter engine

By Lynlon McLain

EUROJET TURBO, the West German-based holding company for the multinational programme to build the engine for the Eurofighter, expects to have the first complete engine tested before the end of this year.

A first test run of the core of the engine is also expected by the end of the year.

Mr David Mackenzie, the head of the Eurojet EJ200 engine project for the Eurofighter, said the first complete engine would be tested at MTU München, the German partner with one third of the shares in the project.

A second engine will be tested at Fiat Aviazione, the Italian company which has a 21 per cent share.

The third design verification engine is expected to be tested by Rolls-Royce, which has a 33 per cent share in Eurojet. The final partner is SENER, the Spanish company which has a 13 per cent share.

Mr Mackenzie said that so far the industrial partners had developed the engine from their own funds at a cost of between \$50m and \$70m. The companies are committed to spending half as much again of their own money.

Snacma, the French aero-engine company, has proposed a second big aero-engine consortium in Europe to compete with the Turbo Union/Eurojet for military engine programmes. Snacma envisaged the possibility of two European engine consortia competing for military engine business.

The company said that the estimated \$100m value of the contract covered seven initial engine deliveries and service support over the expected life of the aircraft running up to at least 20 years. Deliveries are due to commence late in 1994.

Short Bros expects FJX signing this year

By Lynlon McLain

SHORT BROTHERS expects to sign memoranda of understanding with at least two European or US aircraft companies this year about partnership in the proposed Short's FJX project. Mr Roy McNulty, managing director of Short's, said yesterday. Short's is the state-owned Belfast aircraft and guided missiles company.

Mr McNulty said the company was talking to three aerospace companies with a view to two of them joining the project to build a regional airliner.

Short's is prepared to contribute 25 per cent to 30 per cent of the \$500m development cost of the FJX project, amounting to about £150m. Short's hopes to recover about half that amount in government grant for the launch.

Airlines which have expressed interest in the FJX project include British Airways and Airlines of Britain, the British Airlines holding company. They have asked Short's to keep them informed as the project is developed.

Short's aims to decide the airliner's configuration by late this year, when it also expects to have selected an appropriate engine. Short's is already negotiating a 60-seat version of the twin-turbine airliner.

Wardair order goes to R-R

ROLLS-ROYCE will benefit by up to £100m from an order announced at Farnborough yesterday by Wardair of Canada for 24 of the Dutch-built Fokker type 100 airliners using Rolls-Royce jet engines.

The company said that the estimated \$100m value of the contract covered seven initial engine deliveries and service support over the expected life of the aircraft running up to at least 20 years. Deliveries are due to commence late in 1994.

Steyr-Daimler-Puch setting up UK heavy trucks subsidiary

By John Griffiths

STEYR-DAIMLER-PUCH, the Austrian vehicle and weapons group, announced yesterday that it was setting up a UK trucks subsidiary, making it the first new competitor in the British market for over a decade.

Steyr Trucks (UK), based near Daimler-Benz's UK headquarters at Milton Keynes, will enter the UK market for trucks of 18 tonnes weight and above.

Dr Otto Volzard, chairman of Steyr's executive board, said the UK was chosen for Steyr's first major west European truck venture outside Austria because of the size of Britain's heavy truck market and its growth rate.

However, the Austrian company is entering the UK market when competition is on the point of stiffening sharply. A few days ago AWD, a company formed out of the Bedford truck operation formerly owned by General Motors, announced its entry into the market, where it intends to sell 1,000 vehicles this year.

Steyr, a large but still financially-troubled group in which Creditanstalt-Bankverein, one of Austria's largest banks, has the biggest single shareholding, was one of the European truck makers hit hardest by the collapse in the early 1980s.

of Third World truck markets. Last year, its European plants marketed 2,100 trucks, compared with over 6,000 a year at the end of the 1970s.

While Dr Volzard denied yesterday that Steyr was developing a strategy for a pan-European presence, he made clear that if a firm hedgehead were established in the UK, as well as Holland and Belgium, Steyr would seek expansion elsewhere in Europe.

Steyr's immediate ambitions for the UK are modest: it hopes next year to sell between 200 and 300 trucks in the 13 tonne range and above, representing 1 per cent to 2 per cent of the market. Total sales in the sector this year are expected to reach about \$6,000.

Deliveries to UK dealers will start before the end of this year. Steyr expects to have eight to 10 dealers under contract by the end of this year, 20 by the end of 1989 and an eventual network of 50.

Following the unveiling of its initial trucks range at next month's motor show in Birmingham, Steyr plans for UK sales to reach 1,000 units a year within the next four years. That is more than double its target for the Netherlands over the same period.

Dr Volzard, who made little attempt to gloss over the company's continuing financial problems, said Steyr's truck production was now on a steady upward trend: its trucks are now also assembled in China, while output in Europe alone this year would be about 1,000 units higher than the 2,100 of 1987, rising to 3,700 units in 1989.

The vehicles use a number of UK-produced components, including axles and transmissions built by the British subsidiaries of US multinationals Rockwell and Becton respectively, as well as axles from GKN, the UK components group.

Steyr has also forged ties with BRF, the independent British truck maker based in Chesham, under which BRF is using Steyr cabs for BRF's own truck range. While neither company will provide details, they are understood to be considering even closer collaboration.

Steyr's group financial results are expected to show continuing losses, but possibly reduced ones, after recording a loss of \$53.1m (\$35.4m) in 1987. It had received substantial Austrian government assistance, but Dr Volzard yesterday insisted: "we are once again on solid ground."

Scottish electronics gap to be filled by Japanese

By James Baxter, Scottish Correspondent

AN IMPORTANT gap in the range of products made in Scotland - the Scottish electronics industry - is to be filled by an overseas company.

Tanaka Corporation of Japan is to open a plant at Cumbernauld to make plastic injection mouldings for the electronics industry.

Tanaka, which makes components for the electronics and car industries, as well as household products, will initially invest \$2m on a 4,000 sq ft plastic injection moulding plant. The plant is expected to employ 100 people by the end of next year and will make tools for producing plastic mouldings.

Within three years the company hopes to expand into making other industrial products and household goods, taking the total investment up to \$7m and employing a total of up to 300 people.

Although many of the world's leading electronics manufacturers have plants in Scotland, only 12 per cent of their inputs originate in Scotland, according to a 1986 survey by the Scottish Development Agency. In that survey, most companies highlighted the lack of locally available plastic mouldings that that of any other item.

Since then the SDA has failed to persuade Scottish-based companies to fill the gap. The mouldings required by the electronics industry are not available in Scotland on the scale and to the quality needed by large manufacturers.

Tarmac unveils £250m plans for expansion

By Andrew Taylor

PLANS to spend \$250m over five years on quarries, plants and equipment, were announced yesterday by Tarmac, the construction and building materials group.

Development of a \$40m super-quarry at Cliffe Hill, Leicestershire, is already under way. It is one of 10 new quarries and sand and gravel pits proposed by Tarmac. Planning permission for pits has been secured for sites in Derbyshire, Humberside, Cheshire and Cambridgeshire. A rock quarry at Naveing, near Edinburgh, is also being developed.

Tarmac's other plans include the development of 12 blacktop manufacturing plants, 20 ready-mix concrete and mortar plants, and 10 waste disposal sites.

Advertisement for Panasonic office automation products. It features a man in a suit looking at a computer monitor. Text includes: "THE MD NEEDS A HARD COPY OF THESE FIGURES BY MIDDAY" and "RELAX, I'LL PANASONIC IT". Below the main image are several Panasonic office equipment items like copiers and printers.

Panasonic logo and contact information. Text: "FOR MORE INFORMATION ABOUT THE RANGE OF OFFICE AUTOMATION PRODUCTS DIAL 100 AND ASK FOR FREEPHONE PANASONIC OR WRITE TO OFFICE AUTOMATION DEPARTMENT, PANASONIC INDUSTRIAL UK (A DIVISION OF PANASONIC UK LTD.), 280-290 BATH ROAD, SLOUGH, BERKSHIRE SL1 6AG."

UK NEWS

Current account deficit in 1989 'could reach £16bn'

By Philip Stephens, Economics Correspondent

THE DEFICIT in the current account of Britain's balance of payments is likely to turn out at £13 or £14bn this year and may rise further to £16bn in 1989, one of the City's leading forecasting groups says today.

So although the significant tightening of monetary policy already undertaken by the Government could allow a "soft landing" for the economy, that scenario could be "blown apart" by a loss of international confidence in sterling.

that process by restricting tax cuts in the next budget to perhaps £1.5bn, despite a much higher than forecast public sector surplus.

Six more franchise areas for cable television advertised

By Raymond Snoddy

BRITAIN'S Cable Authority yesterday advertised six new cable television franchises, covering nearly 750,000 homes, in a further indication of renewed confidence in the future of the industry.

when there have been serious expressions of interest with evidence in financial backing. Some of those who have expressed interest in the six new franchises - two of which are in England and four in Scotland - will depend on US finance, the current driving force of the UK cable industry.

They include two successful US channels - the Disney Channel and the Discovery Channel, concentrating on nature and travel documentaries.

B Telecom overcharged company by £236,000

By Dolla Bradshaw

S & W BEREFORD, the commodities, property and financial services group, has been overcharged by British Telecom (BT) on its telephone bill by nearly a quarter of a million pounds.

Apple wins contract with Arthur Young worth £3m

By Alan Cane

APPLE, the US-based professional personal computer manufacturer, has won a significant round in Britain of its fierce battle with IBM for the lion's share of the corporate microcomputer market.

technology. It has pioneered for commercial use a technique originally invented by Xerox Corporation in which the user communicates with the computer through small pictures on the screen and through menus of activities.

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Monsanto joins university in research venture

By David Thomas, Education Correspondent

OXFORD UNIVERSITY has signalled its intention to become more fully involved in the exploitation of research by establishing a joint venture company with Monsanto, the US pharmaceutical group, to exploit the results of a large-scale research programme in advanced biochemistry.

IMPORTANT ANNOUNCEMENT

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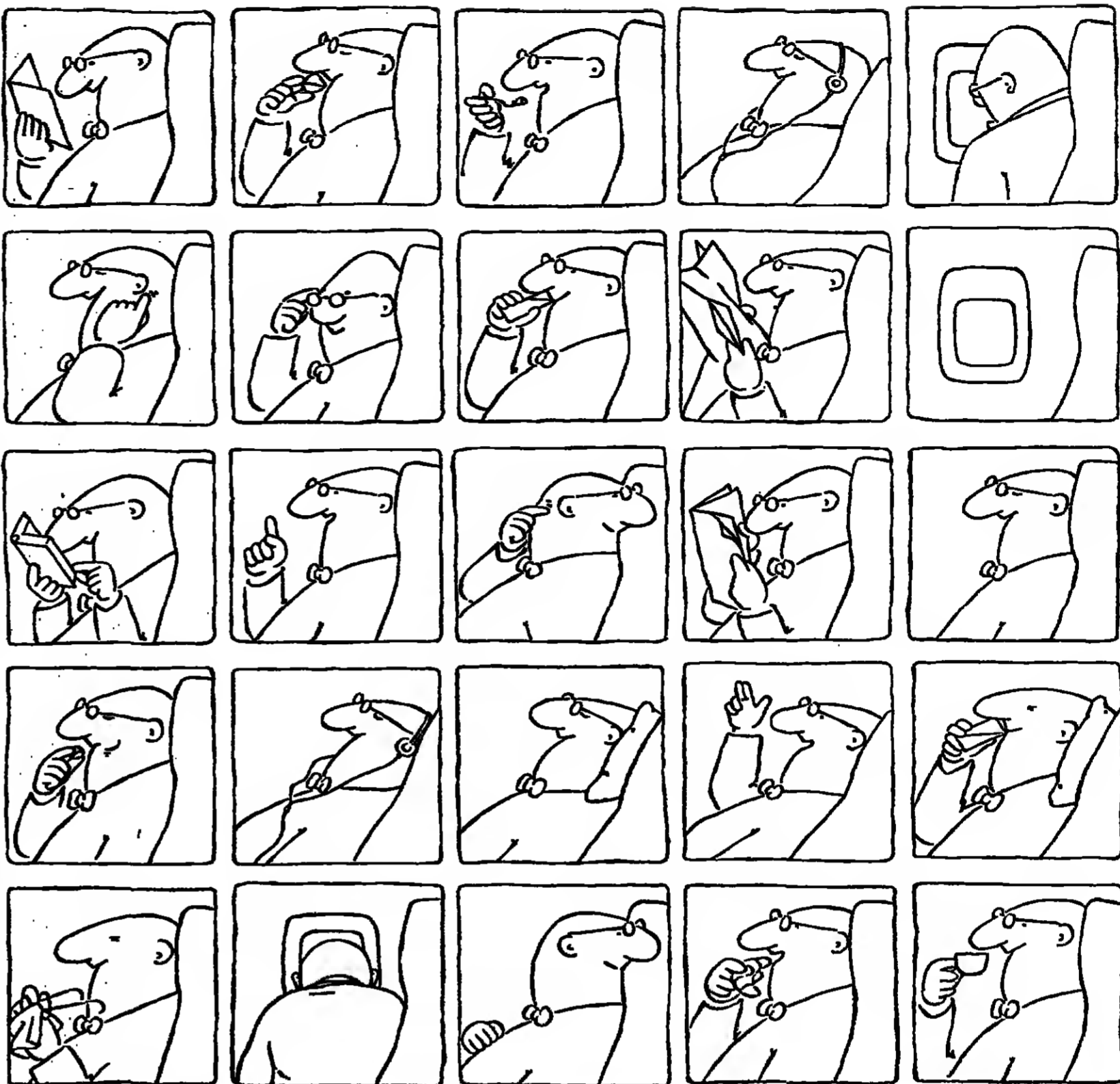
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لنا من العمل

MANAGEMENT

Chemicals

How Europe's big four are spending on R&D

By Peter Marsh

In the chemicals sector in West Europe big is certainly beautiful. The four largest companies — BASF, Hoechst and Bayer of West Germany and Britain's Imperial Chemical Industries — are each industrial giants with annual sales in the \$11bn-\$13.5bn range and with interests extending the world.

The companies have recovered strongly from the recession at the turn of the 1980s when demand for bulk chemicals such as standard plastics and fibres fell away and competition became unbearably tight.

In the past few years, the companies have focused resources on specialist, relatively high-value areas where competition is less strong and where they can sell products on the basis not of low prices but of solving particular problems.

Closely bound up with this change have been new methods of managing research and development (R&D). The goal has been both to focus this activity on the most promising areas of commercial interest and to bring the research results more quickly to the market place.

In parallel with these moves has been a tendency to decentralise R&D to ensure more of it is done in harmonisation with marketing and operating divisions and also to tie it in with developments in countries away from the companies' domestic base.

This last issue has become especially important as all four companies have increased significantly the geographic spread of their operations over the past decade, putting more emphasis in particular on activities in North America and Japan.

An examination of the four companies' research strategies, drawn with the sheer size of their R&D operations. Between them the companies employ 48,000 people on R&D and spend nearly \$2.5bn a year on this activity.

The thrust of the work at the four companies has changed in the past decade to emphasise what the chemicals industry regards as growth areas. These include, for instance, industrial fibres, polyurethanes, coatings, high-quality engine oils and high-value plastics for applications in aerospace and consumer goods.

The starkest change has been in biology-oriented research linked with agrochemicals and pharmaceuticals. These areas, in the case of ICI, Hoechst and Bayer, account for about half of all R&D, compared with about a third a decade ago when the bulk areas of chemicals like fibres and

BIG FOUR R&D

Hoechst, 1987 R&D spend — \$900m; 6 per cent of sales; 14,000 people in R&D. Centralised research policy, half R&D workers in Frankfurt. 58 per cent of research aimed at biological sciences, 17 per cent materials.

Bayer, 1987 R&D spend \$720m; 6 per cent of sales; 12,000 people in R&D; 20 per cent of research in US; 85 per cent Germany, 12 per cent in rest of Europe. Health-care accounts for 28 per cent of R&D, agrochemicals 25 per cent. Information technology 19 per cent polymers 17 per cent.

BASF, 1987 R&D spend \$500m; 4 per cent of sales; 12,000 people. About three-quarters of researchers in Ludwigshafen. R&D aimed especially at biological sciences, especially materials, polymers.

ICI, 1987 R&D spend \$600m; 6 per cent of sales; 10,000 people in R&D; 52 per cent biological sciences, 22 per cent pharmaceutical, 20 per cent of R&D in UK but trying to increase presence in other countries.

basic plastics dominated R & D. In the case of BASF, which conducts only about a third of its research in biology-based areas, this switch has been somewhat less, largely due to the fact that BASF is a much smaller player in the pharmaceutical industry compared with the other three concerns.

Techniques for deciding on areas of research emphasis vary between the companies. ICI has several loosely organised scientific committees which attempt to look ahead to decide which are the relevant areas for the future. Hoechst relies on more formal monthly meetings which bring together marketing and research people from the company's different divisions. Out of these gatherings comes an agreed research programme — which is changed every year — for each division.

There has been a marked swing towards ensuring scientists operate in close collaboration with marketing and production colleagues. A researcher today has to work less in a vacuum than in the past," says Denis Henderson, ICI's chairman. Henderson also points to a tighter focusing of R&D resources. "In the 1970s we wasted money by spreading our (research) cash too widely."

To at least some degree, all the companies have introduced structures whereby senior research people, as well as supervising scientific programmes, are also part of a business team concerned with aspects such as marketing and production.

Arrangements of this kind are particularly well established at BASF,

where researchers in areas such as engineering plastics and printing chemicals are involved in formal discussions with marketing colleagues on how to bring research work to the production stage. "We find this is a good way to concentrate on goals and targets," says Franz Brandtetter, head of R&D in BASF's engineering plastics division.

Policies of this kind may not always be easy to enforce. Scientists are often ethnologically untrained to group activities and would rather work away on their own, according to Günther Kinast, a research co-ordinator at Bayer. "The research people may not like talking to the marketing staff but you have to keep asking them to do it," says Kinast.

Hilmar Schörning, a research manager at Hoechst, says the company has to have the power to assemble on a reasonably fluid basis groups of people from different disciplines to work on specific projects. "Research today is about teamwork," says Schörning. Superproductivity provides one example where Hoechst brought scientists in areas such as physics, chemistry, ceramics and information technology to work together.

All four companies make a distinction between relatively long-term research which is paid for out of corporate R&D budgets, and short-term, results-driven work done at the behest of operating divisions. The former area is generally characterised as unfettered research, while the latter is more likely to be development. In all the companies the balance between the two kinds of work is roughly 30:70 in cash terms.

Where BASF and Hoechst differ from the other two companies is that they have a much stronger centralised structure for their research. In these cases, half or more of all research staff work at company headquarters, either at Ludwigshafen or Frankfurt. In the case of Bayer and ICI, the research staff are more geographically spread.

Both these companies stress the usefulness of having research activities in a variety of locations where research people may be better placed physically to liaise with customers.

Hermann Strenger, chairman of Bayer, is especially keen to boost his company's research involvement in Japan where the company does only about 3 per cent of its R&D, a figure he would like to see rise to 10 per cent by the mid-1990s. Strenger reckons that by doing this Bayer can pick up a lot of good ideas from the promising



work taking place in Japan in areas like agrochemicals and drugs.

ICI, too, is encouraging the further spread of its research resources. It has in the past year opened up three new technical centres in the US and one in Japan to concentrate on new electronic and structural materials.

Sir Charles Reece, ICI's research director, says the proportion of the company's R&D that takes place in Britain will probably fall from 70 to 60 per cent over the next decade. "Britain is a good place to do research but not necessarily development," he says. "We have to get this last activity nearer the market place — which is increasingly outside the UK."

Another general tendency on the part of all the companies is to speed up R&D projects so as to get new product ideas into the market place ahead of rivals. This may mean more parallel studies involving, for instance, tests on a new drug for toxicity and efficacy, rather than waiting for the results from one piece of work before starting another. The policy carries risks of wasting cash on a series of studies into a product that never reaches the market, but increasingly this is the price the big four companies say they have to be prepared to pay.

Managers have to heed the psycho-

logical pressures that may affect the way their research teams operate. A scientist, for instance, could become badly demotivated if he or she works for years on a research programme that is ended without a product appearing. "The main problem scientists have to live with is frustration," says Bayer's Kinast.

Another difficulty, paradoxically enough, is if scientists become too carried away with turning their creative energies into products that they are trying to put onto the market quickly. As a result they shy away from doing anything truly innovative.

"For research people it can be a major incentive to develop products that are sold," says Hans-Uwe Schenck, who is in charge of life sciences research at BASF. "Short term success can be very rewarding. We may be faced with the task of attempting to demotivate people to spend more time thinking long term."

For all the efforts the companies have made in honing their strategies for R&D, everyone knows that luck plays a big part in deciding whether a marvellous scientific idea turns into a big-selling product or a flop. Few research managers are deluded into thinking that they can forecast the shape of future advances or how they will work their way into the market.

The qualities a chief executive needs

Alan Cane on leadership in the future

John Thompson, chairman of European operations of the Index Group, an international management consultancy based in Cambridge, Massachusetts, paints a clear — if daunting — picture of the qualities he believes chief executives will need if their companies are to survive the challenges of new competition and technological change in the next few years.

Leadership of a high order is the first priority, he explains, combining a profound understanding of the way technology can be used to generate new business opportunities with the courage to challenge accepted ways of doing business.

Obvious enough, some might say, but such a conclusion does scant justice to the underlying analysis, built up over 15 years with Index.

Thompson's qualifications to make such an analysis are impressive. British-born, he was earlier this year voted one of the top 10 management information systems consultants in the US in a poll carried out by Information Week magazine.

Business leadership is one of Thompson's chief preoccupations. He believes that there are too few chief executives around with the right combination of leadership qualities to enable their companies to weather the storms ahead.

While he accepts that there is a world shortage of executives with the right stuff, he argues that the UK is particularly disadvantaged, the result of an educational system poorly tuned to business needs.

"Leadership," he says, "is not about management skills or about technical competence. It is about paradigms, mental models of the business. The executive exhibiting true leadership must constantly re-create the organisation, challenging the existing ways — and that takes real courage."

He sees two major trends in the way companies are using information and information systems today. First is emphasis on controlling the "channels", the links between supplier and customer.

Second, he says that senior executives are saying "enough is enough" where their existing data processing systems are concerned. They feel impatient and frustrated because their ability to change their existing systems is limited by massive investments in hardware, operating software, applications software and people.

"There are constant worries about the cost of it all, the realisation that half of it is junk and of the difficulties of throwing it all away and starting again from scratch."

A typical example is banking systems which treat customers as a series of accounts identified by account numbers rather than as humans with names and a series of accounts to that name. All the major banks are spending huge sums of money and vast amounts of time changing their traditional account-based systems to customer-based versions which can be used as the basis for new marketing initiatives.

"Success in both of these areas requires leadership and too often it is just not there. Management is easy; leadership is difficult. It requires a breadth of thinking in which few people are schooled."

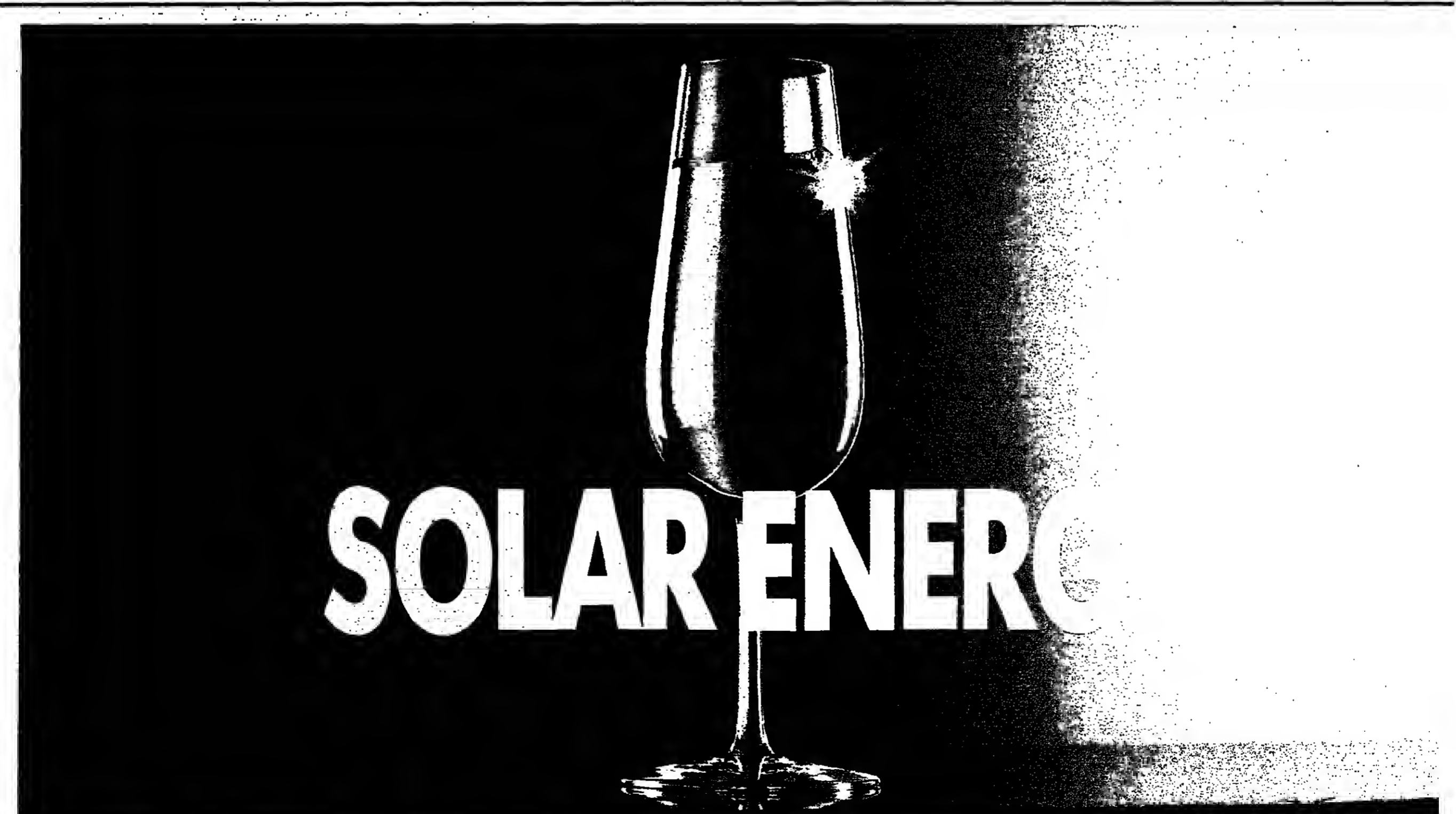
For the most part those studies deal with the use of technology to "lock up the channel", a supplier, for example, provides clients with a telecommunications network to facilitate the ordering of goods, going on to agree to provide the client with a range of goods from other manufacturers provided the network is used to make the order.

The power of such systems is now well understood, Thompson says, not just by an elite but by a wide range of businesspeople. The ground rules are becoming recognised: know your customer, ease their operations and form strategic alliances to benefit them.

"People are now aggressively looking at their manufacturing, sales and distribution to see how information technology can be used to transform the way they do business — and the single European market in 1992 is accelerating that process," Thompson concludes.

"It is difficult for any company to think about its European strategy without considering its channels of distribution."

Second, he says that senior executives are saying "enough is enough" where their existing data processing systems are concerned. They feel impatient and frustrated because their ability to change their existing systems is limited by massive investments in hardware, operating software, applications software and people.



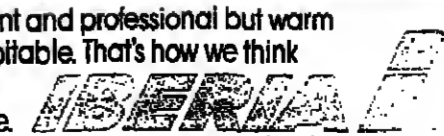
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TECHNOLOGY

The bottom line for phone bills

Telephone bills are often a cause of dissent. Last year nearly half the 24,000 complaints about British Telecom made to the Office of Telecommunications (OfTel), the UK's telecoms watchdog, were about billing.

The vast majority of them came from domestic telephone subscribers, who claimed they had been overcharged. But OfTel has found a high degree of accuracy in BT's metering of calls. Preliminary research done by OfTel engineers shows that at any one time only one in 5,000 meters gets it wrong. And in most cases, the meter stops working, which means the subscriber gets extra calls free of charge.

For business users the mistake is usually in the number of telephone lines or the amount of equipment being rented, such as telephones or private telephone exchanges (PABXs).

When the error involves a large bill and is compounded over a period of time, as in the case of S & W Berisford, the food manufacturing and commodities trading group, it can add up to a lot of money. Berisford was overcharged by £239,000 over 18 months.

John Hunter, managing director of Octagon Telecommunications Services, the company which discovered the error in Berisford's bill, says it is getting more difficult for companies to sort out billing problems.

"The cost of people's phone bills is going down because of competition. But the downside is that management has to put in more effort because it now has so many suppliers," says Hunter. "Companies used to rent their telephone lines, telephones and PABX from BT. Now they get their lines from BT and Mercury, their PABX and phones from private suppliers and they have mobile phones or radio-paging to deal with as well. So it is far more difficult to work out whether your phone bill is right or not."

OfTel is pressing BT to introduce itemised billing for all its customers - as Mercury Communications does. This would enable the customer to compare a list of calls made with the telephone bill. Until itemised billing is commonplace, call-logging equipment, which is incorporated in the more sophisticated tele-

phone network management systems, does the same job for business telephone users. This equipment, attached to the PABX or office telephone system, keeps a record of all the calls made by each extension on the network.

As well as identifying which extensions are making too many calls to exotic locations, the system can indicate which extensions are being used too infrequently to be needed. It can also help customers to calculate whether they should be using the public telephone network or dedicated leased lines for certain calls. In most cases, the telephone system is the last unmanaged thing in business," says David Bacon, UK Sales Manager for Systems Reliability, one of the UK's leading network management companies. "Network management systems can help you sort out billing problems because they provide you with a means of verifying your phone bills."

In the UK, call-logging systems have now been developed which can analyse both BT and Mercury telephone lines. Their cost ranges from £1,000 to £2m, depending on the size of the telephone network involved.

However, these systems will not tell a company whether it is being charged for too many telephone lines or too much equipment. To solve that problem Octagon is launching a software package called Asset Manager, which is aimed at companies with telephone bills of £250,000 a year or more. The package works on anything from an IBM personal computer to a mainframe.

The Asset Manager database keeps an inventory of all the telecommunications equipment, lines and services at a single site or on several sites belonging to a network. It also stores information about charges. So when a telephone bill arrives the company can compare it with the result from its system.

Every time call charges change, the database is updated. Asset Manager can be bought in four modules, for public network services, private network services, site equipment and mobile equipment. It costs from £3,000 to £20,000.

Della Bradshaw

Five strategic areas: that was the plan when Plessey's chairman, Sir John Clark, embarked on a corporate shopping spree last year. Now those five areas of electronics are in place: aerospace; computer services; defence; semiconductors; telecommunications.

The City saw the acquisitions as a series of defensive moves to fend off a hostile takeover bid. It also questioned the wisdom of expanding into computer services and was sceptical about the potential for profit in the defence sector. The company, however, asserts that the purchases were part of an overall technology strategy. The basis for this was the belief that electronic systems would become more complex and more heavily interdependent. Professor William Gosling, director of technology, says the acquisition of the Hoskyns chip subsidiary, the developments will also make big software demands, one of the reasons Plessey decided to launch a £164m bid for Hoskyns, the UK computer services and facilities management company.

The Hoskyns acquisition also gave Plessey its fifth business area: service provision rather than equipment manufacture. Gosling believes the falling price of computer hardware coupled with the increasing complexity of electronics systems will encourage companies to use third parties to organise and run their electronic infrastructure. "If you're a mechanical engineering company then you want to concentrate on mechanical engineering, not on facilities management."

Plessey is planning to limit its holding to between 70 and 75 per cent of the shares, so that Hoskyns can retain its separate Stock Exchange listing. Plessey's theory is that an independent company is more likely to win facilities management contracts with organisations that have equipment from several vendors. Independence is also likely to reduce the exodus of highly trained software engineering staff.

The philosophy of buying in complementary technology is not unique to Plessey. It was behind such moves as Ferranti's merger with the US defence firm International Signals. Mike Rappolt, chief executive of consultants PA Computers and Telecommunications, points to several large technol-

Plessey's 'hyper-complex' vision

Della Bradshaw assesses the long-term goals that have prompted the UK electronics group to purchase companies with complementary technologies

ogy companies, including IBM, which are following a similar strategy. "I also believe that what was behind British Aerospace's decision to buy the Rover Group."

Rappolt agrees with Gosling that more complex and integrated systems are the way forward. However, he warns about the difficulty of "back-engineering" - taking two mature systems and trying to re-engineer them to talk to each other. "Back-engineering is a very difficult trick to pull off, because the systems have not been engineered to any specific standard."

Plessey's recent acquisitions fit in neatly with the theory of integrated systems. A few weeks before the Hoskyns bid, Plessey agreed to acquire Singer's Electronics Division (ESD), which gives the company aerospace technology in airborne command and control systems. Singer ESD is the US Airforce's prime contractor for a system that passes information between aircraft, called the Joint Tactical Information Distribution System (JTIDS).

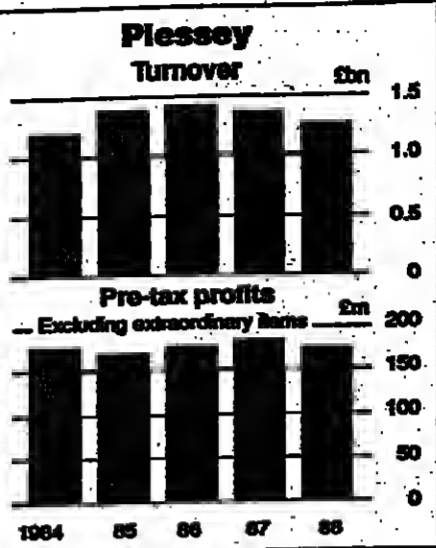
Plessey already has experience in naval command and control systems and in land-based ones through its Parmigian communications system for the British army. It plans to use the Singer ESD acquisition to develop interworking ground-to-air and air-to-sea command and control systems.

The purchase of the special defence and industrial activities part of Fisher Controls, which in turn is part of the Monsanto group, bolsters its interests in measurement and control systems. Plessey Controls already supplies such systems to both military and civilian markets.

In the defence sector, Plessey decided last November to expand its anti-submarine warfare capabilities when it bought the American company Sippican. Sippican is a specialist in expendable items such as sonar buoys, listening devices which are dropped from aircraft into the sea. Its product



William Gosling



Name	Date	Price	Business
Fisher Controls SDA	August 1988	\$4m	Instrumentation
Hoskyns	July 1988	£164m	Software house
Singer ESD	July 1988	£315m*	Aerospace/communications
Leigh Instruments	March 1988	£45m	Aircraft management
Ferranti Semiconductors	February 1988	£20m	Semiconductors
Sippican	November 1987	\$80m*	Anti-submarine warfare equipment

line complements Plessey's towed-array sonar technology (buoys which are towed behind ships to listen for underwater noises). Plessey bought in that technology when it acquired the small British firm Ameco Hydrospac three years ago.

"Anti-submarine warfare used to be ships with sonar on them. Now it's a more complex collaboration between a number of ships and aircraft controlled from a central point," says Gosling. "Sippican is a brick in that network. As you can see, we're groping towards being able to put together these hyper-complex systems."

Gosling is confident that the strategy is right. "The technology mix is excellent - if you believe in the future of hyper-complex systems." In the City there is less optimism. Plessey's decision to sink its cash into defence companies has been seen as a necessary evil, even though defence is a low growth area. GEC, of the UK, Thomson, the French state-controlled electronics group, and several of

the large American defence contractors already have the in-house ability to build systems which incorporate a number of technologies. Plessey had to buy in the relevant technology to compete. The only alternative was to get out of defence.

But its decision to buy into computer services, a new area of business, has been greeted with confusion, particularly about the role envisaged for the software house. The high price tag on Hoskyns may indicate that its value to Plessey lies partly in the scope it gives for further purchases, probably in the computer software area.

Gosling confirms that. "There are several possible scenarios. Plessey could buy another service company; Plessey could grow to become a service company; or Hoskyns could buy another company." Another possibility is that Plessey could use Hoskyns to move into commercial rather than military communications systems. As telecommunications liberalisation gathers

pace in Europe, Hoskyns could run both computer-based telephone networks for multinationals on a third party basis and commercial value added data networks which a number of clients would use.

That would be an important advance in the light of Plessey's decision to put all its telecommunications manufacturing operations into the joint venture companies, GPT (in which its partner is GEC) and Orbital (the mobile radio venture with Racal). A move into telecommunications operations would be welcomed by the City in the wake of Racal's success with cellular radio.

Gosling says that it will be essential for old and new companies within the group to exchange information about future products. Plessey Semiconductors will see product developments from the new divisions up to 18 months before rival companies, and so should be able to engineer chips for those systems ahead of its competitors. Similarly, Singer ESD and Leigh

Instruments will get a preview of advances in semiconductors. The joint venture companies will have access to the chip technology at the same time as the wholly owned divisions.

In addition, Plessey provides research work for GPT and Orbital. Gosling says of the two companies: "They've got separate marketing perceptions and build separate products. When they attack the same market they do so from a different viewpoint."

However, he does admit to some duplication with Hoskyns. Plessey's information engineering division, at Addlestone in Surrey, with a turnover of between £10m and £15m in facilities management, will eventually become part of Hoskyns, he says.

He is highly critical of the McKinsey report on the future of the UK electronics industry, published by the National Economic Development Council (NEDC). The report lambasted Britain's leading electronics companies for lacking strategic control over their divisions and being too reliant on low growth areas, such as telecoms and defence - both crucial to Plessey's business.

Gosling counters by saying that not all aspects of defence are low growth areas. "For example, in a post-treaty era the need for surveillance equipment could grow." The criticisms of management, he says, do not relate to Plessey. "The board primarily looks at the strategic issues. It was a central decision that we would concentrate on hyper-complex systems. What we have to do is make sure that the individual companies' strategies stay aligned with the strategy of the group."

However, Gosling does have some sympathy with the authors. "I think what lies behind the report is the view that all those video recorders in homes around the country shouldn't be Japanese. I sympathise with that. European companies have lost a lot of the home entertainment business, but Plessey never sought to address that market."

Although the five key areas are now in place, Gosling does not rule out the possibility that other companies could be acquired. "We haven't lost our cheque book yet."

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ARTS

Formula drama bodes ill for the future

I offer no apology for returning to the question of what is happening right now to British television as a result of Thatcherite plans for the industry in the nineties.

With paranoia and depression spreading among the programme makers as Thatcherite thinking throws doubt on the preservation of the very foundations of the business - the BBC licence for the ITV system, Channel 4's remit - there is an almost universal consensus about the sad effects upon programme quality.

Steve Morrison, promoted fairly recently to Director of Programmes at Granada, remarked that the industry was suffering from the pain of anticipation: "There is a cloud of gloom and fatalism hanging over us. We all seem to agree that things will get worse and there is nothing we can do about it."

He made four suggestions aimed at avoiding the widely predicted collapse of standards. First that Channel 5 should be devoted to local television supported by local advertising.

channels to uphold the same standards." As debating points none of them can be easily dismissed.

Meanwhile, before any of them have got off (or under) the ground, the existing system and existing programmes are changing.

There is no reason why television should lack glossy, mindless, repetitive time-fillers given that there are plenty of viewers who seem to want such stuff.

travelogue thriller with Charles Dance playing a detective, and a young American actress named Ariel as the girl from the US embassy who falls in love with him.

This is formula drama: safe, predictable, easy on the eye, bereft of any ambition other than international sales.

There is no reason why television should lack glossy, mindless, repetitive, time-fillers given that there are plenty of viewers who seem to want such stuff.

Sunday brought three big budget productions. The first - The Binding of Anne Frank was yet another version of New York and London.

The familiar story, which was re-told so recently by the BBC as a Sunday serial, this time Anne herself was virtually ignored.

He was competent enough, though lacking any flair or personal vision; the Nazi half-tracks and Amsterdam locations looked good.

New York and London. This time the transatlantic casting is the other way about: Francesca Amis is the token Brit and (so far) she has been given most of the token sex scenes.

Across The Lake written by Roger Milner, produced by Innes Lloyd and directed by Tony Maylam, was the nearest thing in the week to a truly original piece of drama.

British television drama has rested its laurels for an ominously long time on The Singing Detective of 1986 and Edge of Darkness from 1985.

Patience has been a virtue at other Venice films. Theo Angelopoulos's Landscape of Mist is the latest journey movie from the Greek maker of The Beekeeper.

Thank goodness for the US cavalry. The lusty blowing of bugles preceded the arrival of crack troops from Hollywood.



David O'Hara, Diane Fletcher and Nigel Terry The Bite of the Night

THE PIT, BARBICAN

Even by Howard Barker's own uncompromising standards, this is a sternly demanding evening of bunker theatre.

Those cavils stated, Barker's Bite (no worse than a hater's bark) is a work of rambling, often ecstatic, significance in its attempt to wrestle to the ground the classical mythology of Ancient Greece.

The setting is a ruined wilderness, but also a burnt-out Troy at the end of the ten year siege by the Greeks.

Home himself (Mark Dignam) is a blind poet, impotent and unloved, whose narrative account of atrocities ("I didn't think there'd be a public for such a song") Barker has unearthed.

Castings himself in his usual role of a carelessly anarchic historian, Barker even resurrects in an epilogue the 19th century archaeologist Schliemann (John Curdick).

played by Gordon Case, Sean Baker and Steven Elliott) and systematically dismembered. Once the Menelaus figure, Fladder (Michael Cadman), has his tongue removed, Helen loses legs, then arms, then breasts, but never her dignity.

In the jumbled storm of Barker's imagination, Troy is both metaphor and melting pot. His stew is stirred by a macabre, vaulian soap boiler, Macinby (Clive Russell), a dealer in essences, who warns us not to find anything we expect.

Here we come to it. Barker's Helen is the character who dominates the play, even as successive violations leave her an ashen, pale, and generally and palpably enthusiastic cast.

The core of this play shows how Helen is pushed from pillar to post by the Greek occupiers (a well characterised bunch of terrorist things

played by Gordon Case, Sean Baker and Steven Elliott) and systematically dismembered. Once the Menelaus figure, Fladder (Michael Cadman), has his tongue removed, Helen loses legs, then arms, then breasts, but never her dignity.

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Mamet's film noir is front runner for the Lion

Nigel Andrews battles his way through bureaucratic red tape at the Venice Festival

A common delusion of film critics under stress is that each new festival is identical to the last one at the same venue.

But there have been moments at the 45th Venice Film Festival when this seems less a delusion than a reality.

Yes, it was. But here are all three directors aging, bearing new movies. And here once more is the unmistakable Venice atmosphere of Italian bureaucracy hurrying obstacles in the path of those trying to see them.

Another way is by subjecting foreigners to trial-by-Italian-subtitle. The alternative captions translations in English are unmemorable. But hope is in sight with the introduction

for some films this year of electronic subtitles in English. Translated dialogue appears in bright digital read-outs below the screen.

Things Change is as good as Mamet's. Things Change and Mike Leigh's High Hopes are both from film-makers with as firm a foot in the theatre as the cinema, and the benefit shows in their deliciously strong projection of story and character.

Things Change is as good as Mamet's. Things Change and Mike Leigh's High Hopes are both from film-makers with as firm a foot in the theatre as the cinema, and the benefit shows in their deliciously strong projection of story and character.

Misadventure and mistaken identities abound; the images flicker with the dark fire of film noir, and for his movies Mamet has evolved a wonderful line in Sphinx-like speech patterns.

Two other English-speaking movies got more mixed responses. Alan Rudolph's The Moderns is a clever, brittle recreation of life among the glitterati in 1920s Paris.

Ermano Olmi's The Legend of the Holy Drinker is a disappointment from the director of The Tree of Wooden Clogs and last year's Silver Lion winner Low Life.

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Ermano Olmi's The Legend of the Holy Drinker is a disappointment from the director of The Tree of Wooden Clogs and last year's Silver Lion winner Low Life.

colleagues, and all three of us were willing to advance Hauer the money in order to end the movie.

Thank goodness for the US cavalry. The lusty blowing of bugles preceded the arrival of crack troops from Hollywood.

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Table with columns: High/Low, Company, Price, Gross, Yield, P/E. Includes entries for various companies like Am. Intl. Ind., Am. Intl. Ind. CDS, etc.

NOTICE TO THE HOLDERS OF BANK OF TOKYO (CURAÇAO) HOLDING N.V. (the "Company") U.S. \$100,000,000 Guaranteed Floating Rate Notes Due 1991 (the "Notes")

ARTS GUIDE THEATRE London Starlight Express (Geribwin). Those who saw the original at the Victoria in London will barely recognize its US incarnation.

Sept 2-8 SALEROOM Top prices for Elton Elton John, currently adding to his fortune with a tour of the States, became effortlessly richer yesterday as Sotheby's started to sell off the contents of his Windsor home.

Griggs & Co of Northampton, the manufacturers of Doc Martins, saw their promotional opportunities and went to the limit. Peter Nahum, the picture dealer, was picking up paintings, paying £5,720, within forecast, for a Bryan Organ portrait of Elton wearing a Marilyn Monroe sweatshirt, and £4,400 for another Organ, this time of percussionist Ray Cooper.

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BANK OF TOKYO (CURAÇAO) HOLDING N.V. By THE BANK OF TOKYO TRUST COMPANY as Fiscal Agent. Dated September 7, 1988

New York Cats (Winter Garden). Still a sell-out. Terror Nana's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically felicitous.

Washington Les Misérables (Kennedy Center Opera House). The touring company of the international hit of last season brings to Washington the historical sweep of Victor Hugo, set to music and an instant contemporary best. Ends Oct 15.

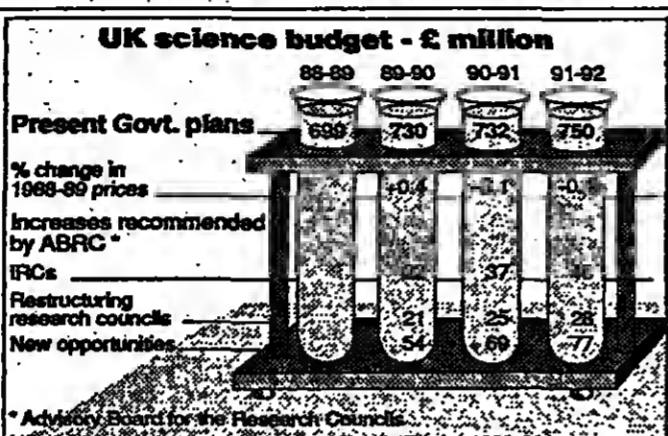
Antony Thornicroft The star's eye catching spectacles went for spectacular prices. Hard Rock Cafe Los Angeles secured a pair with Elton's name illuminated for \$9,900. Among the costumes, a "general" stage outfit made by Ret Turner in 1983, in which Elton looks like a Balkan major-domo, trebled its forecast at \$6,500.

David Fishlock reviews government efforts to streamline scientific research in Britain

In search of excellence

When a government White Paper proposed that publicly-funded scientific research in Britain should be brought under tighter control and left less to the whim of those who practised it, many scientists reacted angrily. A year later, the new strategy and in particular whether the Government is committing enough funds to research - is back in the forefront of debate at this week's annual meeting in Oxford of the British Association for the Advancement of Science.

exploitation through R&D. Seven of these IRCs have been chosen, concentrating on such opportunities as the discovery of "warm" superconductors (Cambridge), surface science (Liverpool) and novel semiconductors (Imperial College, London). Several more will be selected this month, for launch next year. All are to focus on opportunities that could come to the market in the late 1980s.



Britain contributes about 5 per cent of the world's output from research. The Government believes this proportion cannot be changed significantly, no matter how generously its donors are treated.

Acost, says its role is not to pick winners but to define the elusive process by which winners emerge. "I don't think we teach our researchers enough about the achievement of goals," says Whelan, a physicist who engaged Acost's first staff only last month. He expects it to have a key role in identifying opportunities for a new type of research centre with very specific goals, the Interdisciplinary Research Centres (IRCs), in which the Government has begun to invest this year.

At the same time he leaves his minister in no doubt that he believes the academic science community must get more government cash. The advice from his board for this year's public expenditure survey is that the £700m budget for the research councils is too small to move our nation's scientific capability towards the 21st century.

Two scientists have shouldered the burden of selling the new strategy to the science community. One is Professor William Mitchell, former head of the Clarendon Laboratory, Oxford's physics department. Prof Mitchell is chairman of Serc - biggest of the research councils with half their total annual budget of about £700m - and has been the pacesetter in launching the new IRCs. He points out bluntly that, far from falling in recent years, his budget has increased in real money terms by 0.9 per cent for the last three years. He observes that such figures hardly justify the "convincing ministers that research and technology are starved of funds."

But the scientist in the hot-seat is Professor Sir David Phillips, the Oxford biophysicist who also serves effectively as chief scientific adviser to the Department of Education and Science. Sir David is chairman of the Advisory Board for the Research Councils, which advises the Education Secretary on the distribution of funds in support of higher education.

At the same time he leaves his minister in no doubt that he believes the academic science community must get more government cash. The advice from his board for this year's public expenditure survey is that the £700m budget for the research councils is too small to move our nation's scientific capability towards the 21st century.

Airline accidents

How to make flying safer

By Laurie Taylor

In 1987, world airlines carried one billion passengers, and by the year 2000, if current growth rates continue, there will be two billion passengers every year. Even if world airlines regain the safety level of 1984, the safest recent year, that would mean 1,000 or more deaths annually by the turn of the century.

A high rate of growth of air travel poses many challenges to the regulators of air safety. There are more airlines to be authorised and inspected. Some of them do not have, perhaps, the experience, resources or will necessary to exceed the requirements set out in the regulations. (In past years these were regarded as a minimum safety net which major operators set out to exceed as a matter of prudent corporate policy.)

Rapid growth also brings about a reduction in the average level of experience of ground engineers, pilots, operations managers and, if recruitment is resumed, air traffic controllers. US experience since airline deregulation shows that airline bankruptcies, mergers and the creation of new airlines have the effect of increasing the mobility of skilled labour. Some small commuter airlines in the US have experienced a 150 per cent turnover of pilots in a single year, hardly favourable for air safety.

Large increases in the number of flights pose difficult problems for air traffic control systems. The best of them are using obsolescent technology, suffer a shortage of airports and runways - and, due to military demands, of air space. In Europe, control is greatly complicated by a national fragmentation of air space, caused mainly by the refusal of France and the United Kingdom to surrender airspace sovereignty to a supra-national authority, Eurocontrol. As a result, Eurocontrol has responsibility only for the upper airspace of the Benelux countries and the northern part of West Germany. A flight from Frankfurt to Seville, 1,200 miles in length, is controlled by 11 air traffic control units in four countries.

trove about the respective authority to be given to automatic systems and human operators, and the difficulty of verifying the software of complex computer-controlled systems. Opinion is divided on how much information should be given to pilots, and on whether systems are to operate - and if necessary shut themselves down - without inputs from the flight crew.

Accidents caused by human factors have been described as the last frontier of air safety. Human performance varies greatly. Boeing research shows that 16 per cent of operators of Boeing aircraft account for more than 80 per cent of all crew-caused accidents to those aircraft. Other sources show that air travel is twice as safe in the US as in Europe, which is in turn twice as safe as air travel in South America. Although these statements take no account of the different operational environments in which airlines fly, they do show that all airlines are not equally safe.

If air safety is to be improved there needs to be:

- Agreement that air safety is a high priority task to be assigned to an airline's highest levels of management and that all proposed changes that reduce air safety, even if they meet current regulations, will be rejected.
Re-investment of the concept - dropped more than 20 years ago - of a "safe life" for aircraft structures. Aircraft should be taken out of service on completion of that life.
Improved supervision of aircraft maintenance and operations by regulatory authorities - which would mean governments giving them increased resources.
The internationalisation of aircraft control, navigation and surveillance systems, eventually using space-based technology.
Improved training for managers, crews and engineers with an increased emphasis on those areas highlighted by studies of human factors.

LETTERS

'National curriculum will ensure breadth of study'

From the Secretary of State for Education and Science. Sir, I read with interest your article (August 24) on "The curse of specialisation." I hope that you will allow me space in your columns to correct some false impressions which it may have created on an issue which is, to me, of the utmost importance. You argue that for some pupils to study the sciences for the equivalent of "only" one period a day in the final two years of compulsory schooling amounts to an unacceptable narrowing of the curriculum, and calls into question the Government's stated intention of broadening the individual pupil's curriculum through the introduction of the National Curriculum.

double award science GCSE would set so heavily into the time available that it would be unable to do so to a worthwhile level. For others wishing to devote additional time to national curriculum subjects - for example, those with marked talents in modern languages, music or other arts - 20 per cent of time spent on sciences in the fourth and fifth forms could mean that they were unable to extend their studies. It is vital to recognise that the national curriculum will ensure a breadth of study and prevent early specialisation, including early specialisation by scientists. While I envisage that the majority of pupils may well follow double award science courses, it is important to keep open the flexibility to cater for those for whom that would be inappropriate. At the same time we must ensure that the science studied by the minority - and the curriculum followed by those taking double award science courses - are broad and balanced.

A credit tax could have a valuable deterrent effect

From Mr Mark Robson. Sir, When faced with a monetary problem one should always look for a fiscal solution. But current fiscal policy is scarcely lax - it seems absurd to respond to an enormous rise in consumer borrowing, consumption, and imports, by proposing an across-the-board increase in income tax rates as an alternative to even higher interest rates. The desired effect of high rates of interest - in the longer term - is to reduce borrowing for consumption. It is not generally accepted that debt as such is the source of all evil, and it would certainly seem better to finance national private investment by debt raised from savings of consumers rather than, as at present, by the trade deficit. A solution which limits borrowing for consumption without imposing dramatically higher costs on industry and homeowners would be highly attractive. But quantity constraints would be ineffective. More importantly, they are politically unpalatable. Why should not the Chancellor introduce a specific tax on consumer credit, embracing charge, credit and store cards as well as more traditional forms of interest-bearing credit accounts and bank lending? The common objection is that the various forms of credit are too dissimilar to be able to be identified and treated alike; but what they all have in common is that they are already governed by the Consumer Credit Act 1974. A credit tax at an annual rate of 10-15 per cent, levied monthly or quarterly on all outstanding balances on borrowings under the Act, could have a valuable deterrent effect. It would encourage rapid repayment of debt, it would provide a signal of Government commitment to the markets. It could be formally levied on either the borrower or lender, depending on ease of administration. In the former case there is the useful precedent of Sir Geoffrey Howe's 1981 special tax on banking deposits; in the latter, the item could appear on individuals' monthly statements alongside the interest charge. Such a move in itself, of course, would hardly solve the general problem. Rather than see a further reduction in the basic rate of income tax towards 20 per cent, a package of tax reforms to encourage personal savings would be a most welcome feature of the next budget. High interest rates provide a strong incentive to savers to hold new bonds or face value accounts, but not equity. Given the Government's stated wish to encourage shareholding by individuals, a "Loi Moiny" type of scheme for investment in equity would be of great help, giving income tax relief for net savings in quoted shares, preferably coupled with roll-over relief from capital gains tax. For example, the basis of such a scheme was proposed this year by Mr Alan Beth during consideration of the Finance Bill in the House of Commons' standing committee. The customary Government response is that it cannot be afforded; on the contrary, it now appears increasingly likely that we cannot afford to do without it. Mark H. Robson, The London School of Economics & Political Science (LSE), Houghton Street, WC2



FINANCIAL TIMES COMPANIES & MARKETS Wednesday September 7 1988



INSIDE

The race is on for Japanese savers

Japanese savers are being... The race is on for Japanese savers...

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Executive shake-up at Zanussi

Zanussi, Italian arm of Sweden's Electrolux... Executive shake-up at Zanussi...

Taiwan invests hope abroad

Taiwan's banks, which have languished under Government control... Taiwan invests hope abroad...

3M buys into the sponge market

Chargers, diversified French industrial group, is selling Spontex... 3M buys into the sponge market...

Analysts eye up oil prices

While oil companies are anxiously watching the drop in crude prices... Analysts eye up oil prices...

Market Statistics table with columns for Base lending rates, FT-A indices, FT world indices, etc.

Companies in this section table listing various companies like ConAgra, 3M, Aerolines, etc.

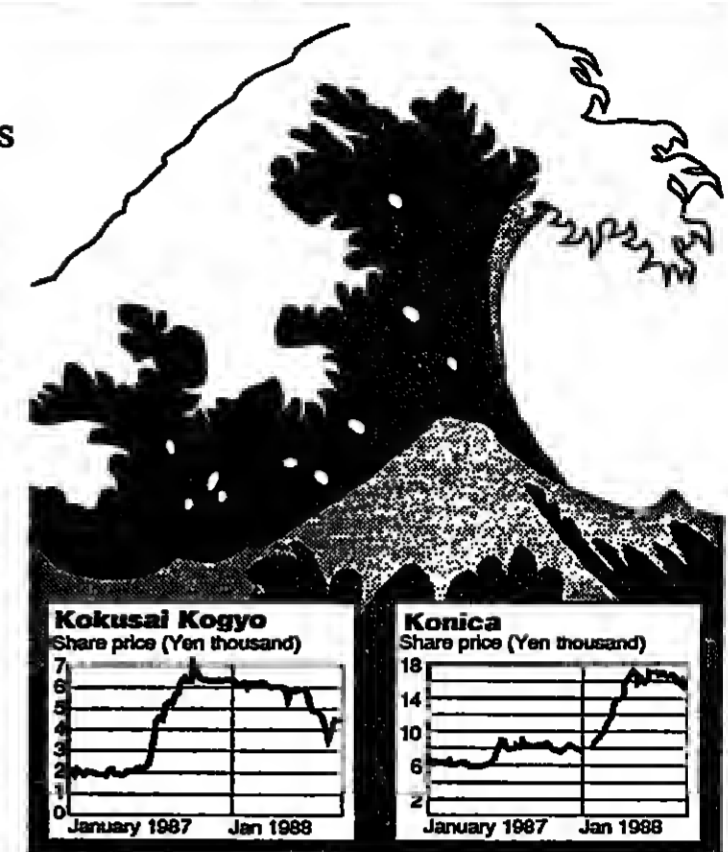
Chief price changes yesterday table with columns for Shares (pence), New York (1987), and New York prices at 8pm.

LONDON (pence) table listing prices for various companies like Blue Circle, Brent Walker, etc.

Battling against a wave of greenmail Stefan Wagstyl looks at new moves to combat Japanese corporate raiders

Japan is considering steps to control the country's corporate raiders... Battling against a wave of greenmail...

Works, a company connected with Toyota Motor... Battling against a wave of greenmail...



and friendly financial institutions... Kokusai Kogyo and Konica share price analysis...

Japanese bow to foreign pressure on key bond issue

JAPAN'S Ministry of Finance has bowed to pressure from the US and European governments... Japanese bow to foreign pressure...

S&L rescue sparks controversy

THE \$2.5bn rescue of American Savings and Loan, second-largest US thrift institution... S&L rescue sparks controversy...

CRA earnings hit record of A\$212m in first - half

THE FULL impact on corporate earnings of the recent turnaround in world metal prices was underlined yesterday... CRA earnings hit record...

Pernod Ricard appeal rejected

THE FULL Takeover Panel yesterday rejected an appeal by Pernod Ricard... Pernod Ricard appeal rejected...

Sedgwick profits drop by 26%

SEDGWICK Group, the world's second biggest insurance broker... Sedgwick profits drop by 26%...

Carroll Industries Corporation plc advertisement featuring £64,000,000 Secured Medium Term Development Loans and a list of participating banks.

Innovation

THE ROMAN EMPIRE AND MILITARY AIRLIFT

Perhaps the most remarkable thing about the Roman Empire was that, at its greatest geographic extension, its security was assured by a mere thirty legions. From Scotland to Egypt no more than 180,000 regular troops kept the Empire in tranquility.

The key to this manpower-efficient defense was the metalled road.

Metalled roads provided a great logistic advantage over ordinary dirt highways, which could not support the traffic of a marching legion (around 6,000 troops and a like number of animals). Even in dry weather, movement was restricted to about twelve miles per day. In rain and snow, dirt roads were churned into quagmires, and movement stopped altogether.

But on their extensive network of paved, engineered roads, the Roman troops could march thirty miles a day—in all weather. Legions could be quickly shuttled around the empire to respond to unrest in one province, or the invasion of another. In this way, Rome could afford a much smaller defense establishment than the geographic size

of her empire would suggest.

In the late 20th century this lesson of strategic and tactical mobility is still apt. For the United States, with our global commitments, our Roman roads are our airlift fleet.

Presently that logistic potential is adequate to respond to small scale crises around the world. But in the event of a major outbreak overseas, and given the strength of our current airlift fleet, there has been some debate as to our ability to protect our worldwide interests.

Flexibility is critical to an efficient defense. Julius Caesar understood it. All Romans understood it. It was the primary reason for their paved roads. Without them, the Roman Empire would not have lasted as long as it did, for the mere knowledge that legions could be on the scene within weeks was usually sufficient to keep the peace.

In the near future, the knowledge that overwhelming American force might be on the scene within hours would give pause to potential enemies. And that, in the final analysis, would be the most efficient defense of all.



Roman road at Timgad, Algeria



Vertical text on the right edge of the page, including 'AMERIC...', 'THE BAN...', 'Can. S10...', and 'Medi...'. This text is partially cut off and appears to be from an adjacent page or a sidebar.

INTERNATIONAL COMPANIES AND FINANCE

American S&L rescue triggers disquiet

Anatole Kaletsky reports on the Bass Group's \$2.5bn acquisition of a bankrupt thrift

The wheel of history came full circle yesterday when the US financial community began to analyse the record-breaking rescue of the American Savings & Loan Association, announced on Monday night by the Federal Home Loan Bank Board (FHLBB).

Most details of the \$2.5bn deal between the bank board and Mr Robert Bass, the feverishly acquisitive young billionaire from Texas, remained shrouded in secrecy, as Mr Danny Wall, FHLBB chairman, prepared himself for some tough grilling on Thursday by his Congressional paymasters.

But one novel feature of the agreement seemed guaranteed to maximise the criticism and disquiet in Washington and on Wall Street.

For it turned out that one of the main attractions of the American S&L acquisition for Mr Bass and his partners would be the opportunity to use up to \$1.5bn of the \$30bn thrift institution's funds for investment in merchant banking transactions and leveraged buyouts.

The question which is now bound to be asked is whether the management of the recapitalised American S&L might ultimately prove as questionable as its predecessors in its use of this cheap government-guaranteed money.

Mr Bass has recently been one of the most active deal-makers on Wall Street, initiating nearly \$5bn worth of highly leveraged transactions

in the publishing, cable television, and real estate industries over the past six months.

While little is known about Mr Bass's long-range plans in the thrift industry, his apparent plans to invest in leveraged buyouts may help to explain his group's insistence that American S&L would retain its California state charter, rather than converting to a federally-chartered institution.

The FHLBB's usual practice in savings and loans rescues has been to insist on a federal charter for the refinanced institution. Federally-chartered thrifts are far more restricted in their investment and fund-raising practices than state-governed institutions.

This aspect of the rescue did not figure in the FHLBB's terse formal announcement on Monday night. That simply spelt out the financial details of the deal.

The Bass Group would invest \$560m, while the FHLBB's deposit insurance arm, the Federal Savings and Loan Insurance Corporation (FSLIC), would inject \$2bn through promissory notes and asset guarantees.

In addition, the FSLIC said it injected \$250m of cash into American S&L as part of a preliminary receivership transaction, which took the savings unit out of its parent company, Financial Corporation of America (FCA).

However, the possibility that the recapitalised American S&L would be transformed in part into a leveraged buyout



Charles Knapp: bets finally called in

vehicle emerged in telephone interviews given by Mr Wall after Monday night's announcement.

Inevitably, this may evoke unhappy recollections of the audacious Mr Charles Knapp, the irrepressible creator and subsequent destroyer of American S&L.

The principle which governed the rise and fall of American S&L was Mr Knapp's vision that wholesale money markets could be tapped on a gargantuan scale to finance gambles on the course of interest rates.

The fact that thrift institutions were seen as benefiting from implicit federal government guarantees made wholesale investors, particularly in

the far-flung Euromarkets, virtually indifferent to the risks Mr Knapp was taking with American S&L and FCA.

When Mr Knapp's bets were finally called in, as a result of the interest rate spike of 1984, FCA was forced to rewrite its quarterly results to show large losses instead of previously-reported profits.

In the summer of 1984, shortly after the collapse of Continental Illinois Bank in Chicago, FCA suffered a \$7bn run on its deposits, originating mostly in the Euromarkets. Mr Knapp emerged from the FCA debacle substantially enriched and with his reputation virtually undented.

Not only did he receive a \$2m payoff from FCA when what was then the nation's largest thrift was taken under the FHLBB's protection, he soon found new ways of capitalising on his contacts and renown in the Euromarkets.

Less than two years after FCA's collapse, Mr Knapp launched the first ever hostile takeover bid against a Japanese company by a foreign acquirer when he offered to buy Mitsubishi, one of the country's leading manufacturers of ball-bearings.

This bid, which also depended on intimate understanding of some of the shadowy recesses of the Euromarkets, was thwarted.

But Mr Knapp later came forward with a partial bid for Britain's Grand Metropolitan, which was also unsuccessful.

Undaunted, Mr Knapp announced last June that he was setting up a new California-based mortgage institution. His plan, predictably enough, was "to build one of the largest lending organisations in this country."

This objective was announced by Mr Lawrence Taggart, a former California savings and loan commissioner whom Mr Knapp hired to run his new business.

It is not surprising that world financial markets remain apprehensive about the future of US thrift institutions, even after the \$15bn worth of rescues and recapitalisations announced in the last three months by the FHLBB.

Procter & Gamble forms Venezuelan joint venture

By Our Financial Staff

PROCTER & GAMBLE, the leading US household and personal care products group, is forming a joint venture with Industrias Mammí, a personal care products company based in Caracas.

The US group said the venture had to be approved by the Venezuelan Government and declined to disclose terms of the agreement.

Mammí makes and markets a leading, disposable, nappy brand in Venezuela, together with other baby-related items. It employs about 500 workers with a plant near Caracas.

Procter & Gamble said the

subsidiary, Procter and Gamble de Venezuela, had facilities in Caracas and Bermudez and employed about 1,000.

Joe Manna, adds from Caracas: PDVSA, Venezuela's state oil company, is studying a \$500m expansion programme for its natural gas liquids complex in the east of the country.

The expansion would involve installing a third processing line at the facility, the Eastern Cryogenic complex, for extracting ethane from natural gas.

The complex, which was completed in 1985 at a cost of about \$1bn, exported half of last year's output.

BCI rejects ministry complaint

By Alan Friedman in Milan

ITALY'S Banca Commerciale Italiana (BCI), still smarting from its inability to acquire Irving Trust of New York after a troublesome intervention by the US Federal Reserve Board, yesterday took aim at the Italian Foreign Ministry in Rome.

The Milan-based bank issued a brief and curious statement last night only a day after a senior official of the Italian Foreign Ministry was quoted as complaining that the bank would have done better in the US had it requested assistance from Italian diplomats.

BCI said yesterday it had informed the Bank of Italy, which it described as the "competent institution of every

step it had taken in the battle for Irving.

BCI also said that "it is the Bank of Italy which is responsible for handling relations with the central banks of other countries, in this case with the Federal Reserve."

The Italian bank withdrew from the battle for Irving last month after an unexpected request by the Fed for information from the IRI group, the Italian state company which has majority control of BCI and which also has a range of industrial holdings.

A Bank of Italy official said: "We confirm the Banca Commerciale press statement. We are the appropriate institution

in these matters."

Reuter reports from New York: Irving has again asked the Fed not to extend its approval for a Bank of New York takeover bid for Irving when it expires today. The Fed has already extended the approval twice.

Irving has told the Fed that, with BCI dropping its bid for Irving, an extension of BNY's bid would favour that offer and discourage others. "The granting of a third extension to BNY will create the unavoidable impression that BNY has been granted special, favoured treatment, and that competing bidders will be disadvantaged," Irving argues.

Essex faces \$366m bid from Dow Chemical

By James Buchan in New York

DOW CHEMICAL, the big US producer of bulk chemicals which is enjoying strong profits, will this week launch a \$366.1m offer for Essex Chemical as part of a friendly agreement with the New Jersey specialty chemicals company.

The offer, which values Essex at \$38 a share, is partly designed to thwart an attempted takeover from Gurit-Heberlein, the Swiss chemicals manufacturer which is Essex's joint venture partner in Europe.

It was not clear yesterday whether Gurit, which is barred by court order from pursuing its own tender offer, would seek to match Dow's offer.

But Wall Street analysts doubted that Gurit, which had said it was prepared to pay \$32 a share, would stay in the auction against such a powerful adversary as Dow.

Essex, which operates 19 plants in the US and one in Canada, makes a range of industrial chemicals and drugs.

However, its main business is specialty products for the automotive and engineering industries.

The company earned only about \$1.8m from continuing operations in 1987 because of heavy start-up costs in some businesses, though its sales were \$208.8m.

But Mr Frank Popoff, who as Dow chairman is trying to balance the company's cyclical bulk chemicals with a more stable specialty business, said: "Essex complements Dow's businesses, particularly in the automotive industrial adhesives and sealants areas."

"Essex will further enhance Dow's strong specialties emphasis."

The Gurit offer, originally pitched at \$24 a share, infuriated Essex because the two companies had been working together in a prosperous joint venture in the European automotive market for 20 years.

Essex sued Gurit on the grounds that it made use of private information from the joint venture. In June, a New Jersey court enjoined the offer.

La Générale to launch radical strategic plan

By William Dawkins in Brussels

THE re-organised management of Société Générale de Belgique is to produce by the end of the year a far-reaching strategic plan for the sprawling conglomerate, following yesterday's formal peace pact between the group's former embattled shareholders.

Mr Herve de Carnoy, the former director of Britain's Midland Bank, who was confirmed at yesterday's extraordinary general meeting as the group's new managing director, said: "We are determined to turn this Belgian holding company into a centre of European excellence with a global vocation."

The meeting set the seal on the reconciliation of the two rival shareholder camps led by Mr Carlo De Benedetti and Compagnie Financière de Suez, the French investment bank, which last year fought a bitter bid battle for control of La Générale.

The accord gives the Italian businessman and his supporters four seats on the 20-man board and formalises a streamlined and modernised senior management structure for the group, developed by the new investors over the past two months and involving a large reshuffle for existing directors.

Mr René Lamy, former governor, becomes president although he will retire next April, to be succeeded by Viscount Etienne Davignon, a prominent player in the battle. Mr Lamy will hand over most of his duties to Viscount Davignon at the turn of the year.

Mr De Benedetti's three boardroom allies were confirmed yesterday as Mr Peter Cohen, chairman of the US investment bank Shearson

Lehman Hutton, Mr Alain Minc, managing director of Cerus, Mr De Benedetti's French-based bid vehicle and Mr René Thomas, president of Banque Nationale de Paris.

Shareholders also formalised the creation of a new nine-man executive management committee, responsible to the main board and in charge of operations.

This is headed by Mr de Carnoy and includes three other new recruits to La Générale's senior management. They are Mr Marc Depuydt, former personnel director for General Motors in Europe who takes the new post of human resources director, Mr Georges Ugeux, recruited from Morgan Stanley in London to become finance director, and an as yet unnamed French executive to become director of corporate strategy.

The executive management committee will draw up and execute the forthcoming strategic plan, an outline of which is expected to be unveiled in November.

The broad thrust, said Mr de Carnoy, would be to restrict La Générale's investments to companies where it could exert influence, implying that it would reassess its involvement in its more than 1,200 businesses in which it has stakes, some of them small minorities.

Yesterday's reshuffle also gives Mr de Carnoy a seat on the 11-man executive committee, an advisory body between the main board and the management committee.

The only other executives to have a seat at all three levels are Viscount Davignon and Mr Guy de Wouters, an existing director.

Swissair drops Aerolineas interest

By Gary Mead in Buenos Aires

SWISSAIR is to withdraw its offer to buy a stake in Aerolineas Argentinas, the Argentine national airline, The Swiss airline had formed part of a consortium, including Alitalia, the Italian carrier, which in July publicly announced its interest in purchasing a 55 per cent

stake in Aerolineas.

That offer was dismissed by the Argentine Government, which announced on August 11 that it had concluded negotiations with Scandinavian Airline Systems (SAS) for it to purchase 40 per cent of Aerolineas, for \$204m.

These Securities having been sold, this announcement appears as a matter of record only.

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INTERNATIONAL COMPANIES AND FINANCE

Taiwan invests hopes in overseas banking

Bob King reports from Taipei on pressure for privatisation and expansion abroad

Taiwan's banking system is set for an important transformation as enthusiasm grows for privatising many of the state-owned banks and giving the institutions more scope to expand branch networks overseas.

Conservative financial planners are stalling proposals for privatisation and are seeking to impose limits on where the banks may establish foreign branches, but Mrs Shirley Kuo, the newly appointed Finance Minister, is a supporter of at least limited privatisation.

Pressure from the banks is also thought likely to gain them an eventual free hand in deciding where they set up abroad.

The questions which remain concern the pace and the scope of liberalisation - as well as whether the banks contain provisions that could maintain a bureaucratic influence over banking operations.

Almost all of Taiwan's banks are owned or controlled by the Government, and services have not kept pace with public needs.

Slow acceptance of proposals for reform, in turn, has frustrated progressive bankers who

purchase of land for public works.

The biggest of the sales would involve 33.5 per cent of First Commercial Bank, valued at about NT\$70bn (US\$2.4bn) at current prices. The state also plans to sell 7.1 per cent of Hua Nan Commercial Bank, worth NT\$19.5bn, and 5.3 per cent of Chang Hwa Commercial Bank, worth NT\$14.5bn.

The Government at present owns about 75 per cent of First

Commercial, 53.1 per cent of Hua Nan and 56.3 per cent of Chang Hwa.

The ministry official said a proposal on the sales would be submitted this week to the cabinet for approval before final approval was sought from the Taiwan Provincial Assembly.

All three banks returned to the black in the latest year to June. Their share prices have trebled over the past 12 months.

important ad hoc group that was to come up with recommendations on how to revitalise Taiwan's economic and financial systems.

One of his committee's first suggestions was early privatisation. Almost everyone in the financial sector agrees that at least limited privatisation of the banking system is long overdue, but debates within the Government over terms and conditions drag on.

The conservatives' main worry seems to be that privatisation will put Taiwan's banking system under the control of

vested interests - and, more importantly, beyond centralised controls that have maintained financial stability over the past four decades.

Mr Liang sought to dispel these fears by proposing that privatisation be accomplished in stages, with the Government keeping a sizeable shareholding while private management methods increase banking efficiency and lower bureaucratic interference.

The Government fears that an expansion by banks overseas will lead to a concentration in financial centres such as New York, London and Los Angeles, creating undue competition among them. It has threatened to veto any applications for branches in these areas.

Such competition in main cities, however, is exactly what the bankers have in mind. It is what one banker, reflecting the views of many, calls "our problem, not the Government's."

Many bankers hope the new cabinet sworn in at the end of July will once and for all draw the line between banking as an industry and Government political concerns.

Japan manufacturers head for profit leap

By Our Tokyo Staff

PROFITS of Japanese manufacturing companies are headed for another year of double-digit percentage growth on average, thanks in part to low raw material costs, continuing improvements in labour productivity and higher selling prices, according to economists in Tokyo.

Mr Ken Courtis, vice-president of Deutsche Bank Capital Markets in Tokyo, said: "A lot of companies have turned into money machines." However, he and others think profit growth rates will slow significantly next year as the world and Japanese economic conditions soften.

Several Japanese economic research institutes have just published general forecasts for corporate profits in the year to next March, based on predictions made by individual companies.

For example, Okasan Economic Research Institute says in a study of 400 listed companies in all sectors that the average increase in their pre-tax profits will be 15 per cent after an 18.1 per cent rise last year.

The manufacturing companies within the sample are likely to have a 35.2 per cent rise in pre-tax profits after a 30.5 per cent rise last year, Okasan says, while non-manufacturing companies' profits will fall 11 per cent after an 8.2 per cent rise last year.

An Okasan official said profit improvements were particularly pronounced in the steel and chemical industries. Chemical companies' depreciation charges have been substantially reduced by large-scale closures of redundant plants in the past two years.

Steel companies are benefit-

ing from the impact of the high yen on the costs of imported coal and iron ore, as well as from a liberalised, Pre-tax profits of Nippon Steel, the world's largest steel company, are expected to be more than double this year, while those of Kawasaki Steel are forecast to treble.

Mr David Pike of UBS Phillips & Drew in Tokyo pointed out that without the dramatic rise in steel company profits, the overall picture would look much less buoyant. Last year, manufacturing profits, excluding steel, in UBS P&D's sample rose 3.5 per cent. This year, it is thought the figure will be more like 2.5 per cent.

Among other sectors doing well are electrical goods makers and other export-oriented companies.

Yamaichi Research Institute

points out that average prices of goods for export to the US surpassed the previous 1982 record in February of this year, underlying the ability of many Japanese manufacturers to raise prices without losing sales.

Tight world markets for semiconductors and other products are also helping Japanese makers' profits. Factory operating rates are high and overtime working rates for most of this year in manufacturing industry have been about 20 hours a week.

Another factor which has been contributing to improved profits is the rapid improvement in labour productivity. Mr Courtis says productivity in manufacturing is rising more than three times faster than wages. He said: "From now on, I think we will begin to see some pressure on wages."

Earnings rise at Sage Holdings

By Jim Jones

In Johannesburg

SAGE HOLDINGS, the South African financial services and property company, boosted pre-tax profits by more than half in the six months to June, to R20.9m (US\$6.6m) from R13.8m.

However, the increase in attributable earnings was restricted by a greater tax bill and a larger profit share attributable to outside shareholders of subsidiary companies.

Net earnings were 41.3 cents a share against 36.5 cents and the interim dividend has been raised to 22 cents from 20 cents. Last year's earnings totalled 106.1 cents and the year's dividend was 58 cents.

Pokphand plans HK\$417m rights issue

By Michael Murray in Hong Kong

C.P. POKPHAND, the Thai controlled agri-industrial concern which was listed on the Hong Kong Stock Exchange earlier this year, yesterday announced that it was returning to the market for more funds with a rights issue to raise HK\$417.5m (US\$83.5m).

This is well in excess of the amount initially raised in April, when the offer of 109.5m shares at HK\$1 each attracted a staggering HK\$280m worth of subscriptions.

These new shares amounted to about 25 per cent of the company's capital, leaving more than 70 per cent in the hands of a company named Pakemant, controlled by three Thai directors of C.P. Pokphand.

Pakemant has undertaken to subscribe or find subscribers for its rights, while the balance of the issue will be underwritten by a group of merchant banks.

The three-for-five rights issue is priced at HK\$1.50, a discount of 28 per cent to Mon-

day's closing price of HK\$1.91.

About HK\$292m of the cash raised will be used to invest in three agribusiness projects in China, while HK\$50m will go to a gamma farm in Thailand. The balance will be used for future investment opportunities.

Pokphand released its interim results yesterday, which revealed profits after tax and minorities for the six months of HK\$51.6m, with extraordinary of HK\$12.9m

boosting attributable profits to HK\$64.5m.

The net profit forecast for the year has been raised from \$70m in the original flotation prospectus to HK\$95m.

Meanwhile Tung Wing Steel, a leading supplier of metal bars to the Hong Kong construction industry, has cancelled its proposed listing at the eleventh hour after being served with a HK\$10.3m writ from Leighton Contractors (Asia).

Resi-Statewide society to become a bank

By Bruce Jacques in Sydney

THE MELBOURNE-BASED Resi-Statewide group, Australia's second largest building society, is joining the industry's stampede to convert to a bank.

Mr Chris Stewart, managing director, said yesterday that the group would become the Bank of Melbourne from July 1 next year. He said it planned a public flotation.

Resi-Statewide is the sixth Australian building society to make the transition to banking status since financial deregula-

tion began in earnest about four years ago.

Among the leading building societies, only St George, the country's largest, continues to hold the line against conversion to a bank, even though it would greatly broaden the scope of available operations.

Mr Stewart emphasised this benefit yesterday by forecasting expansion of the Bank of Melbourne to all states - building societies must restrict their operations to one state.

He said the new bank's main business would still be provision of mortgage finance, with a lending target of nearly A\$1bn (US\$600.3m) for 1988-89.

Mr Stewart also announced that Resi had almost doubled its after-tax surplus to A\$15.5m, that it had more than doubled lending to A\$772m and that it had lifted net assets to nearly A\$2.5bn in the latest year to June.

He said: "There is room for another consumer bank in Vic-

toria and the other major states. The major banks are formidable competitors, but they are diverting some of their energies and resources into expansion overseas, while the State Bank of Victoria is concentrating increasing resources on consumer business."

Mr Stewart said the decision to convert followed a two-year study and that Melbourne brokers J.B. Were had been appointed for the flotation.

Marui lifts profits 17.8%

MARUI, the Japanese department store chain, lifted pre-tax earnings 17.8 per cent to Y23.68bn (US\$174.1m) in the first half to July, AP-DJ reports from Tokyo.

Company officials said strong personal spending and price stability helped bolster sales and earnings. Sales grew 12 per cent to Y228.7bn. Net earnings rose 25 per cent to

Y11.85bn, or ¥37.38 per share against ¥30.55.

Sales of household goods, clothing and accessories, accounting for 91.2 per cent of business, climbed 12.9 per cent to Y208.4bn. Revenue from financial services totalled Y15.57bn, a 5.1 per cent increase. Marui expects sales for the year to rise 10.3 per cent to Y490bn.

This advertisement is issued in compliance with the requirements of the Council of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an offer or invitation to the public to subscribe for or purchase any shares.

The whole of the issued share capital of the Company has been admitted to the Official List. Application has been made to the Council of The Stock Exchange for the new class of 7 per cent convertible cumulative redeemable preference shares of £1 each of Dowty Group PLC ("the Company"), to be issued in connection with the recommended offer for the whole of the issued share capital not already owned by it of CASE Group plc, to be admitted to the Official List.

Dealings in the shares are expected to commence on 8th September, 1988.

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in connection with the recommended offer for the whole of the issued share capital not already owned by it, of

CASE Group plc

Details of the 7 per cent convertible cumulative redeemable preference shares of £1 each in the Company will be available in the service of Ecdia Financial Limited from 7th September, 1988. Copies of the Listing Particulars relating to the Company will be available during normal business hours on 8th and 9th September, 1988 at the Company Announcements Office of The Stock Exchange, 48-50 Finsbury Square, London EC2 and during normal business hours on any weekday (Saturdays and public holidays excepted) while the offer remains open for acceptance at:

Dowty Group PLC
Arlie Court
Cheltenham
Gloucestershire
GL51 0TP

Lazard-Brothers & Co., Limited
21 Moorfields
London EC2P 2HT

Rowe & Pitman Ltd.
1 Finsbury Avenue
London EC2M 2PA

Dated 7th September, 1988

United Mizrahi Bank up 72%

By Andrew Whitley in Tel Aviv

UNITED MIZRAHI Bank, the last of Israel's leading banks to report its half-year results, boosted net profits 72 per cent to Shk1.46m (US\$89.9m).

Mizrahi, owned by a Jewish religious foundation, has also put up for sale its 51 per cent stake in Finance and Trade Bank, a specialist subsidiary. Interest has been shown by several Israeli and foreign investors, but negotiations are still at an early stage.

Unlike its local competitors, Mizrahi did not reveal its provisions for bad debts - a handicap which has dogged the Israeli banks for several years - other than to say that these had been calculated on a "conservative basis." A property write-off of Shk7.4m was also made.

Total assets were down by 3.4 per cent in inflation-adjusted shekel terms to Shk10.7bn because of exchange rate factors.

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FISONS

Rights Issue and Extraordinary General Meeting

Special receiving arrangements

The latest time for acceptance and payment in full for the Rights Issue of new Ordinary shares in Fisons plc is 3.00pm on Friday, 9th September, 1988. Completed provisional allotment letters are due to be received at Barclays Bank PLC, Fleetway House, 25 Farringdon Street, London EC4A 4HD by that time. Forms of proxy for the Extraordinary General Meeting must be received by 10.00am on Saturday, 10th September, 1988.

Due to current postal delays, arrangements have been made for certain branches of Barclays Bank PLC, whose addresses are set out below, to act as additional receiving centres.

Completed provisional allotment letters and forms of proxy will be accepted if they are lodged before 12.00 noon on Friday, 9th September, 1988 at any of the following branches of Barclays Bank PLC.

- Birmingham
63 Colmore Row
- Bristol
40 Corn Street
- Brighton
139-142 North Street
- Cardiff
121 Queen Street
- Edinburgh
35 St. Andrew Square
- Exeter
20 High Street
- Glasgow
90 St. Vincent Street
- Ipswich
1 Princes Street
- Leeds
28-30 Park Row
- Liverpool
4 Water Street
- Loughborough
2 Bishop Meadow Road
- Manchester
17 York Street
- Newcastle upon Tyne
Percy Street
- Norwich
Bank Plain
- London - Pall Mall
1 Pall Mall East
- Plymouth
19 Princess Street
- Sheffield
Commercial Street
- Southampton
171-172 High Street
- Uxbridge
142 High Street
- York
1, 2 & 3 Parliament Street

Completed provisional allotment letters will also be accepted before 12.00 noon on Friday, 9th September, 1988 at the Registrars of Fisons plc, Barclays Bank PLC, Registration Department, Octagon House, Gadbrook Park, Northwich, Cheshire. Provisional allotment letters and forms of proxy are lodged at shareholders' own risk.

This notice is issued by Fisons plc and has been approved by S. G. Warburg & Co. Ltd., a member of The Securities Association, S. G. Warburg & Co. Ltd. has underwritten the Rights Issue.

PROVIDENT FINANCIAL GROUP PLC INTERIM RESULTS

Extract from Directors' Report

"Following the good start to the year which was reported at the Annual General Meeting, pre-tax profits have been maintained above the level of the preceding year and show a 22% increase.

We expect the Group to have another good year which will enable us to achieve the thirteenth year of continuous dividend improvement."

RESULTS AT A GLANCE

	Half-year to June 1988 £'000	Unaudited Half-year to June 1987 £'000	Audited Full year 1987 £'000
Turnover	186,451	177,300	409,382
Group profit pre-tax	8,973	8,807	26,718
Ordinary dividend per share	6.00p	4.50p	16.00p
Earnings per share	16.55p	8.71p	36.07p

The Interim Report 1988 will be posted to shareholders on 8th October 1988. Copies may be obtained from the Secretary.

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has joined our firm as
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Managing Director of Investment Banking

Kleinwort Benson Incorporated

INTERNATIONAL CAPITAL MARKETS

Citibank proposal sparks protests

By Our Tokyo Staff
A FLAN by Citibank, the US bank, to handle foreign remittance services on behalf of the Japanese post office has provoked angry protests from Japanese banks.

Suitors woo Japanese savers

Stephan Wagstyl on banks' reaction to depositors' changed habits

Japanese savers are turning away from the country's post office and commercial banks, the traditional home for their money, in the wake of the abolition this spring of tax breaks on small deposits.

Table: WHERE PERSONAL SAVERS PUT THEIR MONEY. Columns: 1988, 1987. Rows: Post Office, City banks' time deposits, Trust banks' 'big' accounts, Life insurers' single-premium policies, Securities companies' investment trusts.

housewives, the traditional managers of Japanese household savings, with advertisements and offers of free gifts. Life companies and securities companies had been expected to corner the market. By investing in the equity markets, they are often able to offer the highest yields.

Y60m, coming down to Y30m in the autumn. Below this figure, the banks currently offer about 3.6 per cent on two-year deposits. It is no surprise to them that the customers are going elsewhere.

Strong D-Mark triggers speculation over EMS

By Our Euromarkets Staff

A FLURRY of new D-Mark deals emerged on the most active day in the international bond market in several weeks amid speculation that the European Monetary System would have to be realigned.

Investors have been holding their cash in the West German currency all summer, waiting for both yields and borrower quality to improve.

INTERNATIONAL BONDS

currency last week and the latest rally in US Treasury bonds served to convince underwriters that investors are now prepared to return to the markets.

Northdeutsche Landesbank launched a DM75m five-year Eurobond for its Luxembourg subsidiary with a 6 per cent coupon and priced at 101 1/2, which is not expected to be widely traded.

Faber Merlin to be sued

By Wong Sulong in Kuala Lumpur

INVESTORS holding 17.74m ringgit (US\$6.8m) worth of loan stocks of Faber Merlin have voted to sue the Malaysian hotel and property group for defaulting on redeeming its debentures.

Paris futures contract

By George Graham in Paris

THE PARIS financial futures market is to introduce a new short-term interest rate contract tomorrow.

More scope for banks in Norway

By Karen Fosell in Oslo

NORWAY'S savings banks - hitherto self-financing institutions limited to domestic ownership - have been granted permission by the Ministry of Finance to implement the use of Primary Capital Certificates (PCCs), a new financial instrument which will enable them to raise fresh equity capital and expand their

New Zealand bank in bond appeal

By Stephen Fidler, Euromarkets Correspondent

DFC NEW ZEALAND, the former New Zealand Development Bank being sold to the private sector this year, is to ask Eurobond holders to waive a clause in the bond documentation relating to the maintenance of government ownership in the company.

FT INTERNATIONAL BOND SERVICE

By Our Euromarkets Staff

holders of DFC's \$100m 11 per cent issue due in 1995 and \$250m 13 per cent issue, due in 1990, have been invited to a meeting, called for September 29 in London, over the question.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices of September 6

Table: FT INTERNATIONAL BOND SERVICE. Columns: US DOLLAR, YEN STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE, PLAIN VANILLA RATE, SWISS FRANK STRAIGHTS. Rows: Various bond titles with columns for Issued, Bid, Offer, Day, Week, Yield.

MoDo Mo och Domsjö AB U.S. \$200,000,000 Multicurrency Revolving Credit Facility. Arranged by: Bankers Trust International Limited, Svenska Handelsbanken PLC, etc.

They are likely to preferential shares and will yield a dividend which, in times when the banks suffer losses, their accumulated reserves could provide the means to ensure dividend payments.

Mobil to acquire Newmont oil side. MOBIL, the US oil company has agreed to acquire the US mining group Newmont Mining's US oil and gas interests, which account for about 2,000 barrels a day of crude oil and 42m cu ft a day of natural gas.

هنا من الأصل

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Niall P. Glynn,
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UK COMPANY NEWS

Booker rises to £29m despite US drought

By David Waller

BOOKER, international food and agriculture group, managed to increase pre-tax profits by 12.7 per cent to £29.1m in the six months to the end of June, despite the drought in the US grain belt.

Mr Jonathan Taylor, chief executive, said the drought had forced up the cost of the food for the chickens and turkeys reared by Booker in the US.

Coupled with some overcapacity in the turkey market, margins had been squeezed by a strong performance from Booker's food distribution businesses in the UK and from its health products division. Profits from food distribution surged from £500,000 to £2.3m, on turnover up by £28.2m to £43.7m; those from health products rose by 21 per cent to



Jonathan Taylor: North American margins squeezed

£3.5m, on sales of £53.1m. There was no contribution from Linford, the cash and carry company bought for \$2m in July. Group turnover was £282.5m

(£282.5m) on which operating profits were £28.5m (£26.7m). After interest of £3.4m (£300,000) and tax of £9.6m (£8.7m), earnings per share advanced to 14.2p. The interim dividend is 5p (5.4p).

COMMENT
Yesterday's figures from Booker contained absolutely no surprises, as reflected in the 1p increase in the share price to 367p. At this level, the shares stand on a prospective multiple of approximately 10, assuming recovery in the US and pre-tax profits of £30m in the full year. Having missed out on the Rowntree-inspired flurry of bid speculation in the food sector, the main attraction in the short term must be the 4.25 per cent prospective yield. Over two years, the company, and investors, should benefit from the integration of Linford and the burgeoning of Booker's fish farming activities in the US and Scandinavian plant breeding activities.

Hambro Country up 33% at halfway

AN INCREASE of 33 per cent in pre-tax profits was reported by Hambro Countrywide, estate agency and financial services group, for the first half of 1988 and the directors said they expected the remaining months of the year to prove satisfactory.

Turnover in the period advanced 51 per cent to £83m (£41.77m) and the profit came to £14.27m (£10.72m). With earnings at 13.9p (3.19p) the interim dividend is lifted to 1.1p (0.85p).

On the prospects for 1988 and beyond, Mr Christopher Sporborg, chairman, said they depended on a variety of important factors, both the general development of the economy and housing market and the particular characteristics of the group.

In the half year the group completed sales of 35,408 homes with an aggregate sales value in excess of £2.53bn. Mortgages to the value of £559m were completed for 13,724 house purchasers.

Mr Sporborg said the decentralised residential agency business continued to open offices in profitable trading locations - 22 were opened in the latest period and the group currently operated from 502 offices.

The agency financial services side continued to expand and develop, and the sales force increased substantially to almost 400 consultants.

The agreement between Hambro and Guardian Royal Exchange, under which the capital of the newly created Hambro Guardian Assurance, should be completed tomorrow. With the injection of £40m capital the new company will be writing business from the beginning of October.

COMMENT
Hambro acknowledges the present disquiet about the property market, but believes that any despondency is decidedly premature. Prices will continue to grow, if at a declining rate, through 1988 and beyond, it says. In any case, a downturn in the market would probably affect Hambro less than most of its outlets are outside the south-east and it concentrates on the broad middle market, which it reckons is relatively insulated from economic fluctuations. On the financial services front, it now sells as two-fifths as many mortgages as it sells houses - a ratio that is steadily increasing. Looking ahead, Hambro plans to reduce its dependence on the housing market by building up the non-mortgage side of its financial division - a move that will be accelerated by the launch this autumn of its life assurance arm. Profits for the full year should reach £35m, putting the shares, down 3p to 75p, on a unexciting rating of 6.

Normans purchase
Normans Group, retailer and plantation company, is to pay £3.18m for the business and freehold property of A.H. Hayes, whose main business is a Leamington Spa furniture store. Hayes' premises will allow expansion of a nearby Woodward's department store already owned by Normans.

Brammer rises 21% to £6.5m

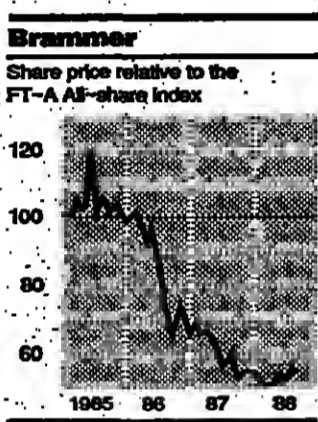
By Philip Coggan

BRAMMER, distribution and equipment rental group, yesterday reported a 21 per cent increase in interim pre-tax profits from £5.36m to £6.46m.

The group's profits fell in each of the last two full-year periods because of poor performances from the rental division and the adverse effect of a lower oil price on the Texas-based Master Pumps subsidiary.

However, both Master Pumps and the rental companies recovered this time and BSL, the core distribution company, had its best first half in the precision engineering division, the service and distribution businesses were substantially ahead of last year.

Group turnover for the half year to end-June was 15.3 per cent higher at £55.5m (£49m).



Earnings per share were 9.7p (8.4p) and the interim dividend is being held at 4.5p.

COMMENT
Shareholders in Brammer who

turned down a 42p-per-share offer from Buzid three years ago have had a long, and dispiriting, wait for good news, as the current share price of 244p indicates only too well. Brammer's problem is that it has had limited success in adding to its core business of bearings and transmission products distribution. These figures give hope that the tide has turned, although establishing the equipment rental business is taking longer than might have been expected. Few doubt, however, that the move into equipment rental is a sound move in the long term and in the meantime, shareholders who have been patient for this long can comfort themselves with a 6.8 per cent yield. Assuming pre-tax profits of £13.5m for the full year, the prospective p/e is about 12.

Clayform more than doubled to £7m midway

By Paul Chesswright, Property Correspondent

Clayform Properties, the property investment and development group, with a strong retail orientation, yesterday announced more than a first half profit and lifted its interim dividend.

In a flat stock market, the strength of the figures prompted a 4p rise in the share price to 237p.

Pre-tax profits for the six months to June 30 were £7m, compared with £3.47m. Earnings per share rose to 13.6p from 6.5p, reflecting in part the buy-back of the group's own equity when market prices were lower. The interim dividend is 3.1p (2.8p).

The half year figures did not include the costs of the abortive bid for Steels & Simpson, the footwear retailer. They came to about £500,000 and will appear as an extraordinary item in the year's accounts.

There was a strong increase in property development and trading profits. They rose to £5.04m from £2.23m in the 1987 first half, helped by the sale of a business space development in Oxford.

During the second half the pace of earnings was expected to keep up with, among others, contributions from an office development in London's West End, shopping centres in Ross-on-Wye and Huddersfield, and residential developments.

But earnings from retailing will remain at a modest level until the Schofield Centre redevelopment in Leeds had been completed, and the department store, which Clayform owned, can move back in again from temporary premises.

Analysts are predicting full year pre-tax profits of £17m.

Mr David Hyman, the chairman, will retire on October 1 and be succeeded to the chair by Mr Bryan Burtleson. Mr Hyman and Mr Burtleson co-founded the group eight years ago.

Acquisitions boost EHP to £12.5m at six months

By Andrew Hill

THREE MAJOR acquisitions boosted profits at European Home Products to £12.5m before tax in the six months to June 30, against £2.35m.

Turnover more than doubled to £161m (£66.8m) and earnings per share climbed from 4.7p to 13.9p.

Last year, EHP, which distributes Singer sewing machines and electrical products in Europe, bought Werner, a German sock and tights importer and distributor, Ivarte, the Spanish consumer durables group, and Scholl International, the footwear products and retail chain.

The profit included a £1m property surplus.

The group has opened a specialist sock retailing unit in the Netherlands and may develop the project elsewhere. It has also signed an agreement with London International to distribute condoms, gripe water, tooth powder and soap in Australia.

An interim dividend of 2.5p (2p) was declared.

EHP is proud that it has eliminated the seasonality of its business, principally through the acquisition of Scholl, balancing the seasonal decline of the electrical goods side. The acquisition added a substantial chain of stores to existing retail outlets and gave the group access to pharmacists across Europe. EHP's sales staff now peddle more than just footwear products to clients. The group is also establishing Scholl shops within shops in the UK through Boots. Analysts are forecasting more than £28m before tax in 1988, excluding property profits. This puts the shares, which rose 7p to 321p yesterday, on a prospective multiple of about 13, a premium to the rest of the sector. However, the shares look reasonable value given the European spread of the business, the prospects for growth - property sales in Frankfurt and London should boost profits next year - and the possibility of a bid from one of the large healthcare or electricals groups.

Expamet forges ahead 23%

By Philip Coggan

EXPAMET INTERNATIONAL, building products and security group, yesterday announced a 23 per cent increase in interim pre-tax profits to £4.43m, after restating last year's profits as £3.5m to reflect the merger with Cash & Security Equipment.

The company also benefited from the acquisitions of CQR Security Systems and Brema Air and from a profits turnaround at Videssan and Maximal, two of its security companies. Earnings per share rose 19 per cent to 7.81p (6.56p) and the interim dividend is being increased by 13 per cent to 3.4p (3p).

The building products division

benefited from the buoyancy of the sector and from the mild winter. The industrial companies, which largely supply hydraulic accumulators, were ahead despite the impact of a fire at Omer's Paris factory and the consolidation on the same site of the Fawcett and Christie companies. Expamet continues to have high hopes for the use of hydraulic accumulators in Anti-Lock Braking Systems.

Turnover for the group, in the six months to June 30, increased 11 per cent to £58.2m (£52.5m).

COMMENT
Expamet's policy of diversification is starting to pay off. After years in which first the building products and then the security side had disappointments, all three divisions are forging ahead this year. In the short term, building products is likely to be the best performer; in the long term, most hopes for growth rest on hydraulic accumulators, where the company appears to have built up a strong market position. Although nominally in the building products sector, Expamet is more of a mini-conglomerate, not the most popular of corporate groupings at the moment. That means that the prospective p/e of just under 10, assuming pre-tax profits of £10.5m this year, looks high enough.

Downturn holds Ropner static in first half

By Fiona Thompson

A DOWNTURN in three of its five divisions has resulted in Ropner, the mini conglomerate, reporting flat pre-tax profits of £2.57m for the six months to June 30 1988, compared with £2.54m last time.

Engineering division profits fell from £378,000 to £255,000, primarily due to a loss of £278,000 attributable to Airtach, its defence communications company, which was subsequently sold. The sale of Airtach required an extraordinary write-off of £1.98m in these results.

The garden products side

saw profits slip from £1.57m to £1.72m, hit by the wet weather and raw materials prices.

The insurance broking arm lost £116,000, compared with a profit of £197,000 last time. Much of its business is marine liability and the division was affected by poor market conditions and dollar weakness.

Shipping profits were flat, £285,000 against £273,000. The company has a fleet of five vessels, all dry bulk carriers. Four are on fixed-rate long term charter, and one, Salmoupol, operates on the spot market.

The property division profits

increased from £303,000 to £216,000, following the sale of five properties.

Tax took £1.01m (£1.06m). Earnings per share rose from 5.4p to 5.9p and an unchanged interim dividend of 3p was declared.

COMMENT
These results were slightly disappointing and the shares closed 2p down at 130p. Although the engineering division's downturn was expected, analysts had been looking for a better result from garden products, the 20 per cent rise in plastics costs coming as a bit

IMI plc

Profit before tax up 21% to £48.5 million
Return on Sales up from 9.5% to 11.2%
Earnings per Share: (before extraordinary items) up 19% to 10.0p (after extraordinary items) up 38% to 11.6p
Dividend up 14.5% to 3.15p

The Directors of IMI plc announce the following unaudited results of the Group for the first half of 1988 with comparative figures for 1987. The results for the full year 1987 are abridged from the audited accounts which have been delivered to the Registrar of Companies.

	1988	1987	
	FIRST SIX MONTHS	FIRST SIX MONTHS	YEAR
	£ million	£ million	£ million
Turnover	434	421	861
Trading profit	48.1	40.7	93.3
Income from fixed asset investments	1.5	1.4	3.6
Net interest payable	(1.1)	(2.0)	(4.6)
Profit on ordinary activities before taxation	48.5	40.1	92.3
Tax on profit on ordinary activities	(16.2)	(12.9)	(30.4)
Profit on ordinary activities after taxation	32.3	27.2	61.9
Applicable to minority shareholders of subsidiaries	(0.3)	(0.3)	(0.8)
Profit applicable to shareholders of IMI plc before extraordinary items	32.0	26.9	61.1
Extraordinary profit after taxation	5.0	-	-
Profit applicable to shareholders of IMI plc after extraordinary items	37.0	26.9	61.1
Earnings per share (excluding extraordinary items)	10.0p	8.4p	19.2p
(including extraordinary items)	11.6p	8.4p	19.2p

ORDINARY DIVIDEND

The Directors have declared an interim ordinary dividend for the current year at the rate of 3.15p per share (1987: 2.75p per share). This dividend will absorb £10.1 million (1987: £8.8 million) and will be paid on 17 October 1988 to shareholders on the Register on 29 September 1988.

BRIEF REVIEW OF ACTIVITIES

IMI achieved further substantial growth in both profits and earnings per share. All business areas contributed to the increase of 21% in pre-tax profits and 19% in earnings per share (before extraordinary items). The net effect of acquisitions, disposals and exchange rates was minimal.

Compared with the first half of 1987:-

- In Building Products, continued good growth in the fittings activity more than offset some downturn in demand for copper tube and cylinders resulting from an early end to the heating season. We achieved good profits growth in Drinks Dispense, particularly in the UK and Europe, the Far East and Latin America.
- In Fluid Control, our pneumatics companies performed strongly worldwide. The USA was particularly buoyant and the West German operations recovered well after a slow start. The control and instrumentation subsidiaries also achieved increased profits. We continued to expand this business area through a series of acquisitions in a number of countries.
- With higher aerospace activity worldwide, demand for titanium increased and we have a good forward order book. The operating performance of the refinery improved against a background of volatile metal markets and turnover in Refined and Wrought Metals in part reflected higher copper prices.
- In Special Engineering, the components activity continued to perform well as did alloy tube in a difficult market; the air conditioning and computing activities grew strongly.

The analysis of turnover and profit by class of business is set out below:

	1988		1987		YEAR	
	FIRST SIX MONTHS	Profit	FIRST SIX MONTHS	Profit	Turnover	Profit
	£ million	£ million	£ million	£ million	£ million	£ million
Building Products	95	8.3	95	7.3	205	20.8
Drinks Dispense	81	10.5	82	8.7	151	17.2
Fluid Control	106	16.7	102	14.2	203	29.1
Refined and Wrought Metals	113	6.2	98	6.0	212	13.5
Special Engineering (& other activities)	81	8.3	76	6.9	160	17.4
	476	50.0	453	43.1	931	98.0
Items not attributable to a specific class of business	-	(1.9)	-	(2.4)	-	(4.7)
Intra-group sales	(42)	-	(32)	-	(70)	-
Turnover & trading profit	434	48.1	421	40.7	861	93.3
Income from fixed asset investments		1.5		1.4		3.6
Net interest payable		(1.1)		(2.0)		(4.6)
Turnover & profit before tax	434	48.5	421	40.1	861	92.3

IMI plc

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BUILDING PRODUCTS ■ DRINKS DISPENSE ■ FLUID CONTROL ■ SPECIAL ENGINEERING ■ REFINED AND WROUGHT METALS

UK COMPANY NEWS

Activity levels are good and margins continue to rise
Enlarged Bowater surges to £31m

By Maggie Urry

BOWATER INDUSTRIES, where new management came in during the first half of 1987, reported a 76.3 per cent rise in pre-tax profits to £30.5m for the six months of 1988. The shares rose 4p to 415p.

Mr Norman Ireland, chairman of the packaging, building and industrial products group, said "activity levels are good and, with improving margins, outlook for 1988 is encouraging."

The company was encouraged by a 44 per cent take up by UK staff of a new employee share option scheme, which Mr Ireland said "indicated their involvement in the long term

future of the company."

Mr David Lyon, chief executive, said that a large part of the profit increase came from acquisitions, notably of Rexham Corporation which was bought last November. That added £75m to sales, which rose 25.3 per cent to £599m. Trading profits rose 76.6 per cent to £36.9m, and Mr Lyon said the underlying growth, excluding acquisitions, was 33 per cent.

Group trading profit margins rose from 3.8 to 5.4 per cent, but Mr Lyon said there was still plenty of scope to increase them further.

Rexham's inclusion in the

packaging and industrial profits division helped trading profits there rise by 92.5 per cent to £20.4m, with margins up from 5.7 to 6.9 per cent. There was good growth from many of the other businesses in the division, including a recovery from losses to profits in Camvac's US operation.

Trading profits in the merchandising and services area doubled to £13.5m, with margins rising from 2 to 3.8 per cent. Many of the activities enjoyed strong market conditions, such as Bowater's builders merchants and its window business, while the concentration of the freight forwarding

operation improved its margins.

There was a fall in trading profits - from £3.7m to £3.5m - in the tissue and timber products division. Price competition in the Australian tissue market, as a rival prepares to open new capacity, hit profits despite a good performance from the timber side.

Earnings per share rose from 11.5p to 17.5p, and Mr Lyon said the Rexham acquisition had had a positive effect. The interim dividend is up by a third to 7p, although this rise is partly intended as a move towards evening up the two payments. See Lex

NSM pays £82.5m for Bison

By Clay Harris

NSM, Britain's largest private coal miner and formerly known as Burnett & Hallamshire (B&H), is to pay £82.5m for Bison Holdings, supplier of pre-stressed concrete flooring.

The acquisition is the first under NSM's new management, which said the purchase would introduce an established, highly profitable and cash generative business into the group.

After four consecutive years of heavy pre-tax losses, including one of £125.7m in 1984-85, B&H was rescued earlier this year by Anglo United, which injected its own coal interests as part of a refinancing package.

NSM also forecast that it would pay a 3p dividend for the year to March 1989; this would be its first cash payment to shareholders since January 1985.

Bison, which reported profits of £8.5m in 1987, was bought by its managers from Banque And Suisse de Geneve for £10m in 1985.

The acquisition is to be partially financed through the issue of 25m ordinary and 33.37m convertible preference shares, of which Bison's vendors will retain £30.5m worth.

There is a 25m open offer to existing NSM shareholders, on the basis of four ordinary shares at 85p and five preference shares at 100p, in each case for every 50 shares already held.

Anglo United will subscribe for 4m preference shares. Its stake in NSM will fall from 11.27 per cent to 24.2 per cent, fully diluted.

Good UK performance helps CRH rise 34% in first half

By Andrew Taylor, Construction Correspondent

CRH, international building materials group and one of Ireland's largest companies, increased pre-tax profits by 94 per cent to £19.5m (£16.7m) in the six months to June 30.

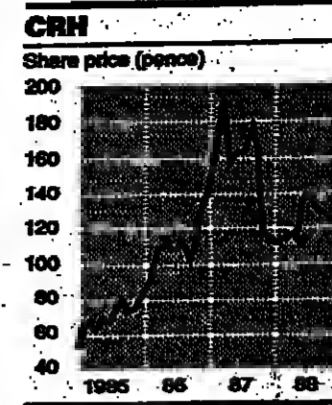
Sales at the company, formerly Cement Roadstone, increased by 28 per cent to £400.1m. More than 80 per cent of group profits is generated outside Ireland, compared with less than 10 per cent 12 years ago.

The US, which last year contributed 36 per cent of total trading profits, achieved a slight increase in the first half, helped by a small first-time contribution from the Pike Industries joint venture.

Teaching problems at Catalonia, acquired in Spain last October were caused by a shortage of fly-ash - a residue produced at coal-fired power stations used to reduce the cement content and improve the performance of concrete.

This held back profits growth at the Spanish subsidiary. CRH said the problems were being resolved and should not recur.

The UK, which last year accounted for 23 per cent of trading profits, continued to perform well despite lower



10.3 per cent rise in the interim dividend to 1.5p.

COMMENT

The principal engine for earnings growth have been the UK and mainland Europe. Although construction was held back in some US states by poor weather, an unseasonably good winter helped swell Europe's contribution to group profits. The Dutch-based builders' merchants did particularly well. Spain, despite its fly-ash supply problems, produced a modest profit and could be approaching about 20 per cent of group earnings by the year-end. The construction recession in Ireland appears to have bottomed out. But sales of block-top for roadbuilding remain badly affected by a government spending squeeze. The star UK performer was the builders' merchants operations in East Angles. The strong performance in the second half of the year, when the US traditionally performs better, normally produces about two thirds of annual group profits. Pre-tax profits of £50m, with a 22 per cent tax charge, would put the group on a prospective p/e of 9.5 - fairly high for the sector.

Psion above £1m halfway

All areas bar the US subsidiary made strong advances in the first half at Psion, the micro-electronics company which joined the USM in March.

Pre-tax profits rose by 57 per cent in the period ending June 30 from £657,000 to £1.03m. Turnover advanced 68 per cent from £4.79m to £8.06m. Earnings per share were 3.74p, against 2.27p.

Mr David Potter, chairman and managing director, said additional output of Organiser II handheld computers would come through in the third quarter to meet increased demand. Psion also launched yesterday the Psion Printer II, for the Organiser II range. In the US, the high level of marketing expenditure expanded the distribution base and sales but resulted in a modest loss.

Pentos up to £2.4m midterm

By Andrew Hill

PENTOS, the retailing group which includes Dillons, Albena and Ryman, increased interim pre-tax profits by 71 per cent to £2.4m in the six months to June 30, against £1.4m in the equivalent period.

Turnover advanced from £33.7m to £51.1m and earnings per share rose 34 per cent to 1.96p (1.46p).

Mr Terry Maher, chairman, said 35 new sites had been acquired for opening this year and Pentos expected to increase net retail space by 100,000 sq ft during 1988, making a total of 450,000 sq ft.

Ryman, the stationery chain bought in August 1987, contributed £400,000 to pre-tax profits and Pentos said it should contribute £1.8m in the full-year.

Excluding Ryman and English & Overseas Properties, floated off in July, group trading profits grew 37 per cent on sales increased by 33 per cent.

Mr Maher said the new shop design for the Ryman chain had been introduced at the Victoria Street branch in London and would be tested in two further stores before the rest of the chain was refitted.

Pentos declared an interim dividend of 0.4p, against 0.3p last time.

COMMENT

Mr Maher - one of the first disciples of retail design - is experiencing some teething problems with the Ryman refit, but still thinks the redesigned stationery chain could match growth rates at Dillons and Athena. The hurried installation of electronic point of sales equipment at Dillons in Oxford also created early problems, but the branch is now geared up for the new academic year, according to Pentos, and an older and wiser retail team is applying what it has learnt for the launch of an even larger store in Cambridge at the end of the month. Analysts are confidently forecasting up to £11m before tax in the full year, putting the shares, which rose 2p to 110p yesterday, on a prospective p/e of about 13. This is a premium to the market and the retail sector, currently depressed by worries about consumer spending, but the shares are worth holding.

Strong car market helps TKM

By Fiona Thompson

THE VERY strong retail car market helped Tiger Kemsley & Millbourn (Holdings), motor distributor and retailer, increase interim pre-tax profits by 47 per cent to £17.85m. However, the advance from £12.18m included an exceptional profit of £1.96m from the sale of share holdings.

Turnover for TKM, part of Sir Ron Brierley's BIL group, rose to £475.2m for the six months to June 30 compared with £437.2m in the 1987 period.

The tax charge was £6.08m, against £4.98m last time. Earnings per share rose from 3.3p to 5.4p and an interim dividend of 1p (0.9p) was declared.

Mr Reg Heath, chief executive, said 1988 had been a record year for registrations and TKM had been getting its share of the new car market. Used car sales were very strong with values holding up well, and specialist car demand exceeded supply.

Moracello Holdings, which has the UK Ferrari import concession, acquired earlier this year, made a contribution.

COMMENT

TKM's retail and import activities have been going well and, following the phenomenal demand for new cars, these are

exceptionally good figures. This is in spite of niggling problems like an uncompetitive Kemsley Tyre division and the yen/French franc exchange rate affecting imports of Mazda to France. There are two slight worries for the sector as a whole - a general downturn in demand is expected next year and Ford's announcement this week that it is ending its cheap car purchase finance schemes is bound to be followed by the others, dampening demand. But the City is looking for about £41m for the full year, giving a prospective p/e of 7, low relative to the sector.

At Lopex we've

rooted more

the European

up our

	1988	1987	%
Turnover	4000	3000	
Revenue	73,209	67,577	+8.3%
Profit before taxation	21,030	17,775	+18.3%
Profit after taxation and minority interests	2,750	2,184	+25.9%
Earnings per ordinary share	1.425	1.003	+42.1%
Dividend per share	9.26p	7.32p	+26.5%
	2.4p	2.0p	+20.0%

Lopex are pleased to report another half year of record results and an increased interim dividend. Organic growth and successfully integrated acquisitions both contributed to our results and demonstrate the value of developing internationally the Group's range of communications services.

In addition to 4 UK acquisitions (including RCF Marketing Group, announced on August 25th) we bought an interest in a Singapore agency - our first move into the Far East. Further investments in advertising agencies for our Alliance International network were made in Helsinki and, in September, in West Germany.

The Board is confident that the trading results for the full year will show a satisfactory performance.

LOPEX
communications group

If you would like a copy of the 1988 interim statement, please contact:
The Secretary, Lopex plc, Alliance House, 63 St Martin's Lane, London WC2N 4BB. (Telephone: 01-836 0281).

The contents of this statement have been approved for the purposes of Section 57 of the Financial Services Act by Pest Marwick McLintock which is authorised to carry on investment business by the ICAEW. Past performance is not necessarily an indication of future performance.

Peachey concedes bid defeat

By Nikki Tait

PEACHEY PROPERTY, has conceded defeat in its £282m bid battle with Wereldhave, Dutch property group, and its recommendation for acceptance of the 69p-a-share offer.

Yesterday, Wereldhave declared the bid unconditional, claiming control of 50.86 per cent of the equity.

In a letter to shareholders, Sir Charles Ball, Peachey chairman, said that the board recognised that control of the majority of the shares has now passed to Wereldhave and "in view of the current uncertainties in the stockmarket" believed it is in shareholders' interests to accept.

Wereldhave raised its bid last Wednesday and, following a market raid, claimed to control over 50 per cent of Peachey's shares.

A few hours after the two announcements, Peachey released its full year figures to June 24 - wholly in line with the profits forecast made in the course of the bid. The company made £14m before tax, compared with £11.85m in the previous 12 months, with net assets received up from £12.8m to £16.2m.

The profit on trading properties is £8.5m against £4.7m, and earnings per share - after tax of £5.08m (£3.68m) - run out at 23.4p, compared with an adjusted 22.3p.

London and Bishopsgate lifts stake in New Tokyo

By Nikki Tait

LONDON AND BISHOPSGATE Holdings, the private investment management company, owned predominantly by publisher Mr Robert Maxwell and Lord Dunscombe, has raised its stake in New Tokyo Investment Trust by 1.3m shares to 11.05m or 25.11 per cent.

London and Bishopsgate, which specialises in global asset allocation and the use of index funds, first acquired a 15 per cent stake in the trust from the Kuwait Investment Office in late-July.

New Tokyo is a £70m fund managed by Edinburgh Fund Managers - which earlier this

year saw the initiation of its Crescent Japan trust - and there has been speculation that London and Bishopsgate might wish to use its portfolio as the base for a new index fund.

Yesterday, New Tokyo declined to comment on the latest stake increase. However, with over 25 per cent of the shares, London and Bishopsgate is now in a position to block any special resolution requiring 75 per cent approval - the type of situation which has cropped up at a number of investment trusts recently, when trusts have devised their own pre-emptive reorganisation schemes.

Stanley Miller profit

Building contractor Stanley Miller Holdings, which fell 2421.000 into the red in the first half of 1987, reported profits of £315,000 pre-tax for the opening six months of 1988. Turnover rose by £5.2m to £19.23m.

The directors were confident of an improved performance for the rest of the year and in future years. The interim dividend is 0.75p (0.5p). Earnings were 5p (losses 7p) per share.

Lyon & Lyon advances 31%

LYON & LYON, West Yorkshire-based motor dealer in which Mr Tony Bramall has built up a stake of almost 20 per cent, reported pre-tax profits for the first half of 1988 of £351,000, up 31 per cent on the comparable £268,000. Turnover improved from £3.09m to £3.62m.

Earnings per share were stated as 7.75p (5.96p) and an interim dividend of 1.8p (1.5p) has been declared.

Directors said that the automotive businesses performed well and results from contract hire and property letting were also good.

MTM jumps 67% at midway

MTM, speciality chemical manufacturer, saw its profit rise 67 per cent, from £1.8m to £3m, in the first half of 1988. Total turnover was reported at £36.1m, against £19.2m last time.

Mr Richard Lines, chairman, said organic growth was substantial and made a major contribution. Prospects for the second half were most encouraging, he added.

"We increasingly see our activities centring on five strategic business sectors - pharmaceutical intermediates; agrochemicals; surface effect chemicals; services; and industrial chemicals. The last of these is likely to contain the

embryos of new business sectors in the future", the chairman stated.

The chairman said Norsocem, the joint venture with Norsolor, was settling down well, and significant economies had been achieved by rationalising production and distribution.

Earnings in the half year came to 6.5p (3.8p) and the interim dividend is 1.1p (0p).

COMMENT

MTM's standing in the City faltered a year ago when it produced disappointing interim results and was not helped by confusion over its treatment of consultancy fees at the full year stage. But these latest results were well up to expectations and have focused analysts' attention on MTM's apparently buoyant growth prospects. MTM's spread of specialist niche markets should help insulate it from an economic downturn, while its newly-acquired business in South Carolina could be the basis of at least a ten-fold increase in its US sales. In the shorter term, the joint venture with Norsolor should produce more gains from rationalising production and distribution. Profits for the full year are expected to reach £6.5m, which put the shares, up 1p to 143p, on an appropriate rating of 10.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound up on dollar weakness

STERLING IMPROVED in currency markets yesterday, feeding on concern that US interest rates may be increased. While cash rates were lower yesterday, there was a growing expectation among overseas investors, that UK economic data was still likely to point towards fast growth and higher inflation.

Despite official calls for patience - to allow the rise in base rates started earlier this year to have an effect - short-term investors sensed that the authorities may have little choice but to increase rates, should the pound lose its new-found confidence.

The dollar opened on a weaker note in New York, following a gentle downturn in Europe. Traders were deterred from trying to establish a firmer dollar trend, as they returned to their desks after the three-day break.

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Sentiment was influenced by a report released from the National Association of Purchasing Managers in the US. This showed a fall in economic activity in August, and following close of the heels of disappointing August employment data, left most traders with no impression that pressure for higher US interest rates has eased.

The dollar fell to DM1.8490 from DM1.8560 and Y138.00 from Y138.50. Elsewhere in Europe, the dollar's exchange rate index fell from 98.5 to 98.1.

In Europe, the D-Mark was still trading close to a record high against the Italian lira. The latter was depressed by the lack of progress on initiating Government spending cuts.

In Milan, the D-Mark was fixed at L746.05 compared with a record fixing level of L746.10, touched in May.

The French franc was also under pressure against the D-Mark. The latter rose to a four-month high at the Paris fixing, where it was quoted at FF4.4026, up from FF4.3992 on Monday.

Despite recent pressure on the French franc and the Italian lira, most dealers see little chance of an early realignment within the EMS. The D-Mark has been in the doldrums for so long, that it would require a much more sustained approach to long, before the weaker currencies approach their divergence limits.

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FINANCIAL FUTURES

Profit taking trims gains

STERLING INTEREST rate contracts fell back from a firm start on Liffe. Profit taking pulled prices down to close near the day's lows, but firmer on the day.

Sentiment was encouraged by a rise in the value of sterling to trading levels above \$1.70 and DM3.14. This led to an easing of cash rates on the money market, and a rise in US Treasury bond futures.

December Long gilt futures showed a similar performance, rising to 94.12, but falling back to close at 93.29, against 93.26 previously.

US Treasury bond futures also weakened towards the close in London, as a rally in Chicago petered out. The market failed to hang on to its gains, on lack of fresh economic data and the absence of news to support last Friday's weaker than expected US employment data for August.

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EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, and Stock. Includes data for GLO C, GLO F, GLO P, etc.

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Table titled 'EMS EUROPEAN CURRENCY UNIT RATES' showing exchange rates for various currencies.

Table titled 'STERLING INDEX' showing index values for various periods.

Table titled 'CURRENCY RATES' showing rates for Sterling, US Dollar, etc.

Table titled 'CURRENCY MOVEMENTS' showing percentage changes for various currencies.

Table titled 'OTHER CURRENCIES' showing rates for various international currencies.

Table titled 'POUND SPOT-FORWARD AGAINST THE POUND' showing forward rates.

Table titled 'STERLING INDEX' showing index values for various periods.

Table titled 'CURRENCY RATES' showing rates for Sterling, US Dollar, etc.

Table titled 'CURRENCY MOVEMENTS' showing percentage changes for various currencies.

Table titled 'OTHER CURRENCIES' showing rates for various international currencies.

Table titled 'DOLLAR SPOT-FORWARD AGAINST THE DOLLAR' showing forward rates.

Table titled 'STERLING INDEX' showing index values for various periods.

Table titled 'CURRENCY RATES' showing rates for Sterling, US Dollar, etc.

Table titled 'CURRENCY MOVEMENTS' showing percentage changes for various currencies.

Table titled 'OTHER CURRENCIES' showing rates for various international currencies.

Table titled 'LONDON (LIFFE)' showing market data for Liffe.

Table titled 'CHICAGO' showing market data for Chicago.

Table titled 'U.S. TREASURY BILLS' showing rates for US Treasury bills.

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Table titled 'U.S. TREASURY NOTES' showing rates for US Treasury notes.

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Table titled 'TOTAL VOLUME IN CONTRACTS' showing volume data.

Table titled 'BASE LENDING RATES' showing rates for various banks.

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MONEY MARKETS

London rates ease

THERE APPEARS to be little immediate danger of higher interest rates in London or Frankfurt. Improvements in the D-Mark and sterling have been helped by a weakening of the dollar after recent figures have indicated there may be no need for the US Federal Reserve to tighten its monetary stance.

The Dutch Central Bank raised the rate on special advances to the Amsterdam money market to 5.25 p.c. from 5.10 p.c. as a signal that the central bank wishes the guilder to maintain its current value against the D-Mark.

The West German Bundesbank council meets today, and is not expected to change its credit policy. The German central bank left its securities repurchase rate unchanged at 4.25 p.c. yesterday when setting a tender for a 35-day agreement. The fact that a variable rate pact was offered was seen as a sign that the authorities are determined to stabilise rates.

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An improvement by sterling led to an easing of interest rates in London. Three-month interbank fell to 12-12 1/2 p.c. from 12-12 1/4 p.c. No major UK economic news is due this

week, and there is no reason to believe there will be any shock in the market during the day.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for London.

MONEY RATES

Table showing money rates for London.

LONDON MONEY RATES

Table showing London money rates.

NEW YORK

Table showing New York money rates.

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FORWARD TRUST TREASURY SERVICES - MAKING MONEY MAKE MONEY

THE CORPORATE INVESTOR'S PHONE CHECK LIST

When you're investing your company's surplus funds, naturally you're not going to accept the first rate you're quoted. Yet with the urgency of finning up a deal, it's tempting to ring the banks you already know and trust. May we suggest Forward Trust Treasury Services as a new contender however? We are part of Forward Trust Group which is a major supplier of corporate finance. We are ideally placed to quote you competitive rates, over any period you wish to invest. Just ring us on 01-588 2333 and we will be happy to discuss the amount and length of your investment, and quote the right interest rate there and then. You only then need to simply telephone your bank to authorise the transfer. If you prefer, we will be delighted to send you a copy of our Treasury Services brochure for Corporate Investors.

FORWARD TRUST TREASURY SERVICES 01-588 2333 MAKING MONEY MAKE MONEY

FORWARD TRUST GROUP Forward Trust Limited, 145 City Road, London EC1V 1JY. Telex: 8952620

FORWARD TRUST TREASURY SERVICES - MAKING MONEY MAKE MONEY



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abchurch Unit Trust, and others, with columns for name, manager, and other details.

Table listing unit trusts under the heading 'Abchurch Unit Trust' and others, including details on assets and performance.

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I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699. Reuters Code: IGIN, IGIO.

JOTTER PAD: A grid for recording prices taken at 5pm and change from previous close at 9pm.

CROSSWORD

Crossword puzzle grid with clues for 'Across' and 'Down'.

ACROSS: 1 Lost a bit of useful information at the post (6-8). 2 Dog with offensive smell, cross-eyed, initially a bit repulsive (6). 3 Florida's hot bet on a look at the post (6-8). 4 Most capable, stable sort... (6). 5 ... coming awry, spoken to a few others (7). 6 Out of money? Elucidated (7). 7 Strutter with rubber beetle? (10). 8 The old devil will want a cut (4). 9 Beastly creature - longing to get this year out (5). 10 A little predicament resolved on the mezzanine floor (8). 11 Continuous whole (8). 12 Biblical character, American flower (6). 13 Novice gets Yankee agreement about bark (4). 14 University official coming round about article by parent (10). 15 Return of impudence gets parrot the old punishment (7). 16 Disapproves of some things (7). 17 Let Procure a what-d'ye-call-it (6). 18 Successor has brought in iron cow (6). 19 A trunk with roots (5). 20 Bristle king found in the chutney (7).

Table listing unit trusts under the heading 'Abchurch Unit Trust' and others, including details on assets and performance.

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GUIDE TO UNIT TRUST PRICING: Information regarding the FT Unit Trust Information Service, including details on pricing, cancellation, and the time shown alongside the fund manager's name.

Handwritten signature or mark at the bottom of the page.

Handwritten note: "Jelli, no list"

FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various UK unit trusts, organized into columns for different trust categories and individual trust names.

INSURANCES

Table listing insurance companies and their associated unit trusts, including details like company names and trust names.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts, including names and brief descriptions of the trusts.

Continued on next page

Handwritten note: "Jell, in 1/8"

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Main table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, NAV, and other financial metrics.

Table of London Share Service, including sections for British Funds, Foreign Bonds & Rails, and American Stocks, with columns for Name, Price, and Yield.

Table of Money Market Trust Funds, listing various trust funds with columns for Name, NAV, and other financial metrics.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds, listing various offshore unit trusts with columns for Name, NAV, and other financial metrics.

Money Market Trust Funds

Table of Money Market Trust Funds, listing various trust funds with columns for Name, NAV, and other financial metrics.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing various bank accounts with columns for Name, Interest Rate, and other financial metrics.

LONDON SHARE SERVICE

AMERICANS - Contd

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Texas Instr. ST, Time Inc. ST, Transworld ST.

CANADIANS

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Alcan Gold Corp, Alcan Indus. ST, Alcan ST.

BANKS, HP & LEASING

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Bank, Bank of Montreal, Bank of Toronto.

BUILDING, TIMBER, ROADS

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Building, Amalgamated Timber, Amalgamated Roads.

ELECTRICALS

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Electrical, Amalgamated Power, Amalgamated Energy.

ENGINEERING - Contd

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Engineering, Amalgamated Design, Amalgamated Construction.

INDUSTRIALS (Misc.) - Contd

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Chemicals, Amalgamated Plastics, Amalgamated Textiles.

INDUSTRIALS (Misc.) - Contd

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Food, Amalgamated Groceries, Amalgamated Retail.

CHEMICALS, PLASTICS

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Chemicals, Amalgamated Plastics, Amalgamated Polymers.

FOOD, GROCERIES, ETC

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Food, Amalgamated Groceries, Amalgamated Retail.

DRAPERY AND STORES

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Drapery, Amalgamated Stores, Amalgamated Textiles.

HOTELS AND CATERERS

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Hotels, Amalgamated Caterers, Amalgamated Tourism.

INSURANCES

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Insurance, Amalgamated Risk, Amalgamated Security.

BEERS, WINES & SPIRITS

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Beers, Amalgamated Wines, Amalgamated Spirits.

BUILDING, TIMBER, ROADS

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Building, Amalgamated Timber, Amalgamated Roads.

ENGINEERING

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Engineering, Amalgamated Design, Amalgamated Construction.

INDUSTRIALS (Misc.)

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Chemicals, Amalgamated Plastics, Amalgamated Textiles.

LEISURE

Table with columns: 1988, 1987, Stock, Price, Bid, Offer, % Chg. Includes entries like Amalgamated Leisure, Amalgamated Entertainment, Amalgamated Recreation.

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Handwritten note: "LTD, INC, LTD"

LONDON SHARE SERVICE

LEISURE - Contd

Table of stock prices for Leisure companies including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of stock prices for Paper, Printing, Advertising companies including Paper, Printing, Advertising, etc.

TEXTILES - Contd

Table of stock prices for Textiles companies including Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of stock prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of stock prices for Oil and Gas companies including Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES - Contd

Table of stock prices for Mines companies including Mines, Mines, Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of stock prices for Motors, Aircraft Trades companies including Motors, Aircraft Trades, etc.

PROPERTY

Table of stock prices for Property companies including Property, Property, Property, etc.

TOBACCO

Table of stock prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

OVERSEAS TRADERS

Table of stock prices for Overseas Traders companies including Overseas Traders, Overseas Traders, etc.

THIRD MARKET

Table of stock prices for Third Market companies including Third Market, Third Market, etc.

Commercial Vehicles

Table of stock prices for Commercial Vehicles companies including Commercial Vehicles, Commercial Vehicles, etc.

PROPERTY

Table of stock prices for Property companies including Property, Property, Property, etc.

TOBACCO

Table of stock prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

PLANTATIONS

Table of stock prices for Plantations companies including Plantations, Plantations, etc.

MINES

Table of stock prices for Mines companies including Mines, Mines, Mines, etc.

Garages and Distributors

Table of stock prices for Garages and Distributors companies including Garages and Distributors, Garages and Distributors, etc.

PROPERTY

Table of stock prices for Property companies including Property, Property, Property, etc.

TOBACCO

Table of stock prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

PLANTATIONS

Table of stock prices for Plantations companies including Plantations, Plantations, etc.

MINES

Table of stock prices for Mines companies including Mines, Mines, Mines, etc.

NEWSPAPERS, PUBLISHERS

Table of stock prices for Newspapers, Publishers companies including Newspapers, Publishers, etc.

PROPERTY

Table of stock prices for Property companies including Property, Property, Property, etc.

TOBACCO

Table of stock prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

PLANTATIONS

Table of stock prices for Plantations companies including Plantations, Plantations, etc.

MINES

Table of stock prices for Mines companies including Mines, Mines, Mines, etc.

PAPER, PRINTING, ADVERTISING

Table of stock prices for Paper, Printing, Advertising companies including Paper, Printing, Advertising, etc.

PROPERTY

Table of stock prices for Property companies including Property, Property, Property, etc.

TOBACCO

Table of stock prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

PLANTATIONS

Table of stock prices for Plantations companies including Plantations, Plantations, etc.

MINES

Table of stock prices for Mines companies including Mines, Mines, Mines, etc.

SHOES AND LEATHER

Table of stock prices for Shoes and Leather companies including Shoes and Leather, Shoes and Leather, etc.

PROPERTY

Table of stock prices for Property companies including Property, Property, Property, etc.

TOBACCO

Table of stock prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

PLANTATIONS

Table of stock prices for Plantations companies including Plantations, Plantations, etc.

MINES

Table of stock prices for Mines companies including Mines, Mines, Mines, etc.

SOUTH AFRICANS

Table of stock prices for South Africans companies including South Africans, South Africans, etc.

PROPERTY

Table of stock prices for Property companies including Property, Property, Property, etc.

TOBACCO

Table of stock prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

PLANTATIONS

Table of stock prices for Plantations companies including Plantations, Plantations, etc.

MINES

Table of stock prices for Mines companies including Mines, Mines, Mines, etc.

REGIONAL & IRISH STOCKS

Table of stock prices for Regional & Irish Stocks companies including Regional & Irish Stocks, Regional & Irish Stocks, etc.

TRADITIONAL OPTIONS

Table of stock prices for Traditional Options companies including Traditional Options, Traditional Options, etc.

A selection of Options traded is given on the London Stock Exchange Report Page

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Tuesday September 6 1988, Mon Sep 5, Fri Sep 2, The Sep 1, Year Ago (approx). Rows include Capital Goods, Building Materials, Contracting, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, Tue Sep 6, Day's Change, Mon Sep 5, etc. Rows include British Government, 5-15 years, etc.

RISES AND FALLS YESTERDAY

Table with columns: Rise, Fall, Same. Rows include British Funds, Corporations, Industrials, etc.

LONDON RECENT ISSUES

Table with columns: Issue, Amount, Date, High, Low, Closing Price. Rows include various corporate issues.

FIXED INTEREST STOCKS

Table with columns: Issue, Amount, Date, High, Low, Closing Price. Rows include various fixed interest stocks.

RIGHTS OFFERS

Table with columns: Issue, Amount, Date, High, Low, Closing Price. Rows include various rights offers.

TRADITIONAL OPTIONS

Table with columns: Issue, Amount, Date, High, Low, Closing Price. Rows include various traditional options.

LONDON TRADED OPTIONS

Large table with columns: Option, Calls, Puts, etc. Rows include various options like Allied Lines, B.P., etc.

Advertisement for MONEY MANAGEMENT magazine. Text: 'DON'T GIVE FINANCIAL ADVICE UNLESS YOU CAN TAKE IT'. Features an image of a man in a suit and a woman. Includes details about the magazine's content and subscription information.

Advertisement for CONVENTION CITY SINGAPORE. Text: 'The best exchanges happen in Singapore.' Includes a list of conferences and exhibitions for 1988/89, such as '2nd ASEAN Congress on Psychiatry and Mental Health' and 'The World Packaging Exhibition'.

LONDON STOCK EXCHANGE

Markets close well below best levels

Leading shares and government bonds looked like extending their recent strong recovery movement at one stage yesterday before running into a flurry of profit-taking. At the close Glits were left with only minor gains on balance while earlier strong rises in leading blue-chips were sharply reduced.

Once again the gilt-edged market was responsible for leading equities higher. Another firm showing by sterling - which rose nearly two cents against the dollar - and a gradual reduction in the key three months interbank rate to 12% prompted a follow-through of demand for

away as sterling stuck and the US long-bond failed to build on its recent good performance. By the close rises in high-coupon loans had been reduced to as little as 1/2%. The shorts were left virtually unchanged on the day.

Dealers were quick to point out that business in gifts yesterday was mostly between marketmakers. There was very little interest from institutions. It was all rather disappointing, said one trader.

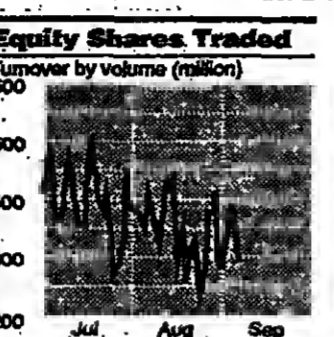
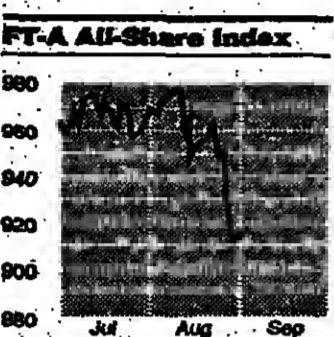
Equities tracked the bond market and sterling, and there was plenty of action around the various sectors which continued to respond to trading news and actual or rumoured takeover activity.

FINANCIAL TIMES STOCK INDICES table with columns for Sep 5, Sep 6, Sep 7, Sep 8, Sep 9, Sep 10, Sep 11, Sep 12, Sep 13, Sep 14, Sep 15, Sep 16, Sep 17, Sep 18, Sep 19, Sep 20, Sep 21, Sep 22, Sep 23, Sep 24, Sep 25, Sep 26, Sep 27, Sep 28, Sep 29, Sep 30.

SE ACTIVITY table with columns for Indices, Sep 5, Sep 6, Sep 7, Sep 8, Sep 9, Sep 10, Sep 11, Sep 12, Sep 13, Sep 14, Sep 15, Sep 16, Sep 17, Sep 18, Sep 19, Sep 20, Sep 21, Sep 22, Sep 23, Sep 24, Sep 25, Sep 26, Sep 27, Sep 28, Sep 29, Sep 30.

Bid battle looms at Ruberoid

THE BUILDING products group, Ruberoid, is at the centre of new speculation when a flurry of demand erupted above the level of Raine Industries' usual cash offer.



1.5m shares was again relatively brisk activity partly aroused by hopes about the potential for the group's migraine drug.

either Saatchi & Saatchi, or PR group Shandwick, could be the next to declare an interest in Barker.

Shares gained 3 to 317p. Advice from the County NatWest WoodMac to switch from Whitbread, a loser from higher interest rates, to Bass helped the latter rise to 750p, after 755p.

In a generally weak Stores sector, European Home Products - manufacturers of Singer sewing machines - shone with a rise of 7 to 321p after revealing interim profits of £12.4m.

quietly traded. Sedgwick closed unchanged on 294p after reporting a 25 per cent drop in half-year profits to £61.3m.

Banks moved in line with the market, with Bank of Scotland the highlight moving up 8 to 352p as dealers went in search of the little stock available.

GEC speculation

GEC were among the best performers in the top-line electronics with the shares moving up a further 3 to 158p on turnover of 2.8m.

Barker setback

PR and advertising group Charles Barker dropped sharply in morning trading on confirmation that its bid talks with WPP have been terminated.

Glaxo booster

Further buying interest was shown in Glaxo which closed 7 higher at 977p, after 981p, for a two-day rise of 21. Volume at

Market quiet

market among quiet Food stocks as dealers anticipate good interim figures today. Most forecasts range around the £60m-mark, and by the close Hillsdown were 4 to the good at 273p.

Leisures also returned

favour, particularly the stocks pounded heavily over past few weeks. Brent Walker bounced 13 to 370p with the market hoping for chief executive, Mr George Walker, to counter recent adverse press reports when the annual results are unveiled on Friday week.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks with columns for Stock, Value, and other metrics.

behind and added 13 more at 601p extending the rise over the past three sessions to 57. The opening of the Harrogate annual Carpet Fair coincided with a surge in the share price of Hugh MacKay which ended 15 higher at 320p.

NEW HIGHS AND LOWS FOR 1988

- List of new highs and lows for 1988 including companies like British Petroleum, Shell, and others.

Reorganisation of RHM chocolate interests

RANKS HOVIS McDONNELL has made senior appointments in its newly-merged bulk chocolate interests, S & A LESMIE.



Mr David Atwell, managing director of S & A LESMIE. Mr Patrick Fagan, Mr William Adamson, previously with Factory Mutual International, is appointed deputy underwriter.

director of its UK unit linked subsidiary.

Mr John Robins has been appointed as director of finance and administration at the BRITISH INSTITUTE OF MANAGEMENT.

CARROLL AIRCRAFT CORPORATION has appointed Mr Joe O'Neill as managing director, and Mr Leonard Rayment as deputy managing director and finance director.

MOSS, MILLS & PARTNERS, underwriting agents at Lloyd's, has appointed Mr James M. Federation as an associate partner.

The MILLER GROUP has appointed Mr Joe M. Barber to the board as a non-executive director. He was chief executive of F.I.C. Lilly and prior to that a director of Christian Salvemini.

HAGGLOF & PONSBAUGH GOTA SECURITIES, a member of the Gota Group, has appointed Mr David Ramage as head of equity trading and sales. He was head of the securities department at Union Bank of Finland, London branch.

Ms Sheila McLaughlin has been appointed a director of WARDLEY UNIT TRUST.



Mr Ray Horrocks, former chairman of Austin Rover, Land Rover, Daimler Group and Jaguar Car Holdings, has been appointed chairman of SMAC GROUP, the South East England motor dealers.

MANAGERS. Wardley is the UK fund management arm of the HongKong and Shanghai Banking Corporation.

SJENKINS & SON has appointed Mr Paul Heath, Mr John Findlater, Mr Jeremy Rolls, Mr Bill Lowe and Mr James Bunce as directors.

AUSTRALIA AND NEW ZEALAND BANKING GROUP has appointed Mr Denis Armstrong as general manager (financial institutions and correspondent banking) to succeed Mr Morgan Pagan who retires on September 30.

All these Notes have been sold. This announcement appears as a matter of record only.

CNT Caisse Nationale des Télécommunications advertisement featuring ECU 150,000,000, 7% per cent. Notes due 1993, and logos of various banks and financial institutions.

COMMODITIES AND AGRICULTURE

Consumers push for early end to cocoa row

By David Blackwell

COCOA CONSUMING countries are pushing for early progress on two key issues at the crucial council meeting of the International Cocoa Organisation (ICCO) now in progress in London.

Mr Peter Baron, the consumer delegates' spokesman, yesterday said that a row over the organisation's price defence mechanism and the question of arrears on levies needed "satisfying solutions" before anything further was tackled.

The troubled cocoa organisation has traditionally left its major problems to the very last minute. The current talks started on Monday and run for a fortnight.

Last week a special panel of five decided by a majority of one that the prices to be defended should have been reduced automatically last March by 115 Special Drawing Rights (SDRs) to 1,370 SDRs a tonne.

Consumers are also proposing that the levy of \$30 a tonne imposed on exports by mem-

Brokers disagree on sugar deficit

By David Blackwell

THE WORLD sugar deficit for 1988-89 has been estimated at 590,000 tonnes by London trader E.D. & F. Man to its latest monthly report. This compares with a deficit of 1.8m tonnes predicted by C. Czarnikow, another London broker, last month.

While the two firms agree that total world production will be about 107.1m tonnes, they disagree on consumption, which Czarnikow reckons will grow faster.

However, Man points out that a 590,000-tonne deficit, equivalent to just over half a per cent of the total estimated production, "will inevitably be subject to fluctuations."

"These fluctuations, in a market lacking sufficient stocks to provide a comfortable cushion, are the precursors of a sharply erratic market," says the report.

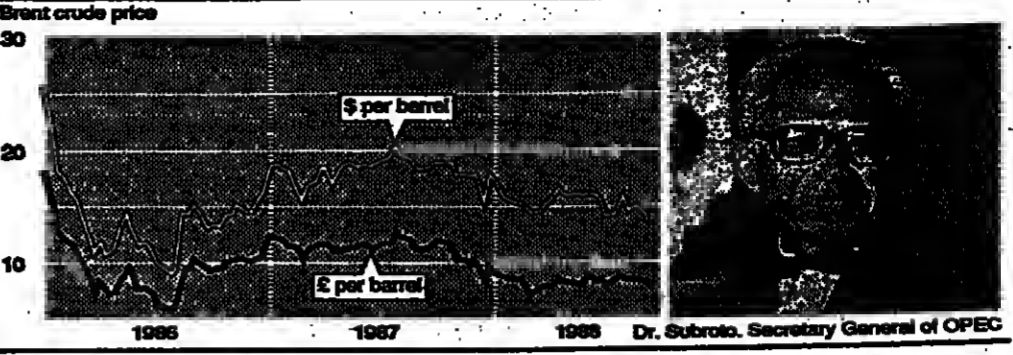
It also points out that a very good Soviet crop could alone turn the deficit into a surplus, whilst similarly a worse crop in China than that estimated would double the forecast deficit, according to the report.

Oil slides as analysts ponder Opec politics

Steven Butler assesses the problems posed by rising production surpluses

OIL PRICES yesterday slid to their lowest levels since November 1986. October futures for West Texas Intermediate crude were off 47 cents at \$14.32 in midday trading at the New York Mercantile Exchange, which was closed on Monday.

Oil price



THE INTERNATIONAL Energy Agency yesterday said that oil supplies outside the communist world in August touched high for the year, at 50m barrels a day.

But analysts are wary of ignoring Opec's potential for a breakthrough when he visited Kuwait, Iran and Iraq last week.

By the same token, many analysts are sceptical that the sudden increase in oil production by Kuwait, Saudi Arabia, and particularly the United Arab Emirates may have been politically timed.

Chicago grain market looks to Moscow

By Deborah Hargreaves in Chicago

CHICAGO GRAIN traders sent wheat futures prices higher yesterday as they looked to the Soviet Union to boost its purchases of US wheat.

Prospective Soviet buying has replaced the weather as the main market mover over the past week, with traders expecting Moscow to step into the futures market as soon as it concludes a new grain trade accord with Washington.

Monday's accident at a Lithuanian nuclear power plant further convinced traders that the Soviets will be big grain buyers in coming weeks, although Tase, the Soviet news agency, said no radiation had leaked from the plant.

Speculation about wheat buying has also fuelled a rise in maize futures prices. The

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

Table with columns for metal types and prices. Includes Aluminum (98.7% per cent, \$ per tonne), Bismuth, Cadmium, Cobalt, Copper, Gold, Iron, Lead, Nickel, Silver, Tin, Zinc, and various grades of steel.

Timor resources deal agreed

By John Murray Brown in Jakarta

INDONESIA AND Australia have made a major breakthrough in boundary talks over the oil-rich Timor Gap, the sea area lying between Timor Island and the Northern Territory.

The plan ratified includes a 50-50 split on future revenues from the basin, which is believed to be one of the richest in the region.

Venezuela plans to lift crude output potential

By Joe Mann in Caracas

VENEZUELA'S NATIONAL oil company, Petroleos de Venezuela, plans to raise its crude oil production potential from the current level of 2.57m barrels a day to 4.5m b/d by 1991.

A high level of potential provides greater flexibility in times of sharp changes in international supply and demand. Higher potential will give Venezuela a more important role as a world oil supplier.

\$12.4bn in oil, petrochemical and coal projects between now and 1993. Of this, about \$5.5bn will be spent on production, a category that includes sustaining current oil output and building extra potential for future use.

LONDON MARKETS

Table of London market prices for coffee, cocoa, and rubber. Includes columns for item, close, previous, and high/low.

Table of LONDON METAL EXCHANGE prices for various metals. Includes columns for item, close, previous, and high/low.

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Table of LONDON METAL EXCHANGE prices for various metals. Includes columns for item, close, previous, and high/low.

Table of US MARKETS prices for gold, silver, and platinum. Includes columns for item, close, previous, and high/low.

Table of HEATING OIL prices for various grades. Includes columns for item, close, previous, and high/low.

Table of COCOA prices for various grades. Includes columns for item, close, previous, and high/low.

Table of RUBBER prices for various grades. Includes columns for item, close, previous, and high/low.

Table of SPOT MARKETS prices for various commodities. Includes columns for item, price, and change.

Table of RUBBER prices for various grades. Includes columns for item, close, previous, and high/low.

Table of POTATOES prices for various grades. Includes columns for item, close, previous, and high/low.

Table of LONDON BULLION MARKET prices for gold and silver. Includes columns for item, price, and change.

Table of COPPER prices for various grades. Includes columns for item, close, previous, and high/low.

Table of SUGAR prices for various grades. Includes columns for item, close, previous, and high/low.

Table of SOYABEAN MEAL prices for various grades. Includes columns for item, close, previous, and high/low.

Table of SOYABEAN OIL prices for various grades. Includes columns for item, close, previous, and high/low.

Table of GAS OIL prices for various grades. Includes columns for item, close, previous, and high/low.

Table of GRAIN prices for various grades. Includes columns for item, close, previous, and high/low.

Table of COTTON prices for various grades. Includes columns for item, close, previous, and high/low.

Table of LONDON METAL EXCHANGE TRADED OPTIONS prices for various metals. Includes columns for item, price, and change.

Table of LONDON METAL EXCHANGE TRADED OPTIONS prices for various metals. Includes columns for item, price, and change.

Table of ORANGE JUICE prices for various grades. Includes columns for item, close, previous, and high/low.

Table of LIVE CATTLE prices for various grades. Includes columns for item, close, previous, and high/low.

Table of LIVE HOGS prices for various grades. Includes columns for item, close, previous, and high/low.

Table of BARS prices for various grades. Includes columns for item, close, previous, and high/low.

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لبنان، بيروت

WORLD STOCK MARKETS

Table of World Stock Markets including Australia, Belgium/Luxembourg, Canada, Denmark, France, Germany, Hong Kong, Italy, Japan, Korea, Malaysia, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, UK, and USA.

CANADA

Table of Canadian Stock Markets including Toronto, Vancouver, and Montreal, listing various stocks and their prices.

OVER-THE-COUNTER

Table of Over-the-Counter Stocks listing various companies and their market prices.

TOKYO - Most Active Stocks

Table of Most Active Stocks in Tokyo listing companies like Nissan, Toyota, and their stock prices.

Advertisement for Financial Times: 'Travelling on Business in Luxembourg? Enjoy reading your complimentary copy of the Financial Times when you're staying...'

Large advertisement for Financial Times: 'Have your F.T. hand delivered in The Netherlands. If you work in the business centre of AMSTELVEEN, AMSTERDAM, BAARN, BLARICOM, BUSSUM, DELFT, DIEMEN, EINDHOVEN, GRONINGEN, HAARLEM, THE HAGUE, HEEMSTED, HILVERSUM, HUIZEN, LAREN, LEIDEN, LEIDERDORP, LEIDSCHENDAM, NAARDEN OEGSTGEEST, RIJSWIJK, ROTTERDAM, SCHEVENINGEN, SCHIPHOL, UTRECHT or WASSENAAR...'

Table of Asian Stock Markets including Hong Kong, Korea, Malaysia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, UK, and USA.

INDICES

Table of Indices including Dow Jones, Nikkei, and other market indices with their values and changes.

Table of New York Active Stocks listing various companies and their stock prices.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

2pm prices September 6

12 Month High	Low	Stock	Dr. Yld.	P/E	Div. Yield	52 Week High	Low	Close	Prev. Close	Change	12 Month High	Low	Stock	Dr. Yld.	P/E	Div. Yield	52 Week High	Low	Close	Prev. Close	Change	12 Month High	Low	Stock	Dr. Yld.	P/E	Div. Yield	52 Week High	Low	Close	Prev. Close	Change		
27 1/2	14	AAR	2.4	1.6	18	25	11	11	11	0	27 1/2	14	AA	1.8	1.2	12	15	15	15	15	15	0	27 1/2	14	AA	1.8	1.2	12	15	15	15	15	15	0
27 1/2	14	AA	1.8	1.2	12	15	15	15	15	0	27 1/2	14	AA	1.8	1.2	12	15	15	15	15	15	0	27 1/2	14	AA	1.8	1.2	12	15	15	15	15	15	0
27 1/2	14	AA	1.8	1.2	12	15	15	15	15	0	27 1/2	14	AA	1.8	1.2	12	15	15	15	15	15	0	27 1/2	14	AA	1.8	1.2	12	15	15	15	15	15	0

Continued on Page 43



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FINANCIAL TIMES WEDNESDAY SEPTEMBER 7 1988

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

2pm prices September 6

Table of 2pm prices for September 6 listing various stocks with columns for stock name, price, and change.

OVER-THE-COUNTER

Nasdaq national market, 2pm prices September 6

Large table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change.

Advertisement for Financial Times: 'Have your F.T. hand delivered in Germany' with details on subscription and contact information.

Advertisement for Financial Times: 'Have your F.T. hand delivered in Belgium' with details on subscription and contact information.

Advertisement for Financial Times: 'Have your F.T. hand delivered in Belgium' with details on subscription and contact information.

AMERICA

Profit-taking erodes early gains as caution emerges

Wall Street

SENTIMENTALITY early gains were eroded on Wall Street yesterday, as stocks failed to build on their explosive rally of last Friday, writes Roderick Oram in New York.

Investor enthusiasm was dampened by profit-taking and a more cautious view of August's job data, which had triggered the rally.

The Dow Jones Industrial Average rose more than 40 points in early trading, but quickly slipped amid profit-taking and low institutional interest.

ASIA PACIFIC

Futures demand helps to trim back equity losses

Tokyo

A RISE in futures prices helped to rescue equities in late trading after a wave of small-lot selling, and the Nikkei average ended well off its lows, writes Isao Nakajima of Jiff Press.

The day started strongly, with demand spurred by previous reports in European markets. The Nikkei index reached a day's high of 27,449.48 shortly after the opening, but by early afternoon had fallen 130.62 to 27,318.86.

Stock index futures based on the Nikkei average continued to fall. The December contract went down 170 temporarily, but closed the day 40 lower at 27,500.

Election results fail to see off the bears

Alison Maitland on the factors behind Singapore's recent downward correction

Extraordinarily rapid economic growth, buoyant soft commodity prices and plentiful spare cash among small investors should spell good news for a stock market such as Singapore.

Falling by 13 per cent to a low of 1,830 last Tuesday, the Straits Times Industrial Index has dwindled to a trickle on some days, with the only activity coming from individual investors while institutions and foreigners remain absent.

on August 9 in the National Day celebrations when the Government announced that GDP had reached 11 per cent in the first half and that the forecast for the full year had been revised up sharply to 9 per cent.



uncertain. Mr Peter Bristow, Far East specialist at Hoare Govett, sees the index settling down in a 100-point range.

EUROPE

BMW rises on rumours of stake-building

MOST bourses finished slightly higher but nervous trading on the European exchange and turnover levels remained thin, writes Our Markets Staff.

without a clear cut strategy. The DAX real time index ended 4.89 higher at 1,179.76.

London

THE DIRECTION of Wall Street's early move on Monday was reflected in London yesterday, with share prices underpinned initially by a firm opening across the Atlantic.

STOCKHOLM rallied after initial losses, buoyed by Wall Street's opening gains and lower oil prices. The Affarvarden index rose 4.8 to 863.7.

leading Italian blue chips was launched in Milan yesterday by Studio Aletti, the securities house chaired by Mr Urbano Aletti, a former president of the Milan stock exchange.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Monday September 5 1988, Friday September 2 1988, and Dollar Index. It lists various countries and their stock index values.

Base index: Dec 31, 1986 = 100. Finance: Dec 31, 1987 = 115.57 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987.

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